

SOUND TRANSIT

MOTION NO. M98-75

Sound Transit Economic Development Program to Encourage Increased Local Economic Benefits BACKGROUND AND COMMENTS

| Meeting: | Date: | Type of Action: | Staff Contact: | Phone: |
|---------------------|----------|------------------------------------|----------------|----------|
| Executive Committee | 10/2/98 | Action to Recommend Board Approval | Alec Stephens | 689-3762 |
| Board of Directors | 10/22/98 | Approval | Paul Matsuoka | 689-6761 |

ACTION: Motion to clarify Sound Transit's appropriate role in economic development to include increasing local economic benefits in employment and contracting; directing staff to pursue economic development activities that encourage increased local economic benefit in employment and contracting; prioritizing funding in training opportunities and business technical assistance for 1998 and 1999; and authorizing staff to develop and implement a process for the submission of specific recommended proposals for Board consideration consistent with the established 1998 and 1999 funding priorities.

BACKGROUND:

In July 1997, the Board adopted Motion 34, to maximize the economic benefit that local businesses and workers can derive from Sound Move, by calling for a local economic development summit and directing the development of a strategy for Sound Transit's participation. Sound Transit conducted an Economic Development Summit in September 1997.

Following the Summit, the Board adopted Motion 51, which authorized that an economic development budget be adopted, and called for the development of an Economic Development Program in 1998. During the discussion regarding Motion 51, the Board also expressed concerns regarding Sound Transit's appropriate role and the activities in which it should be engaged in economic development. Board members were interviewed to understand their concerns. Those discussions and discussions with interested parties throughout the region, reflected varying opinions regarding economic development, the appropriate economic development role for Sound Transit, and economic development activities consistent with that role. Staff determined that an options paper would be an effective tool to facilitate the Board's discussion. The range of potential Sound Transit roles and project types was gathered into an options paper dated July 6, 1998, for Board consideration.

Using the Options Paper at the Executive Committee meeting on September 4, 1998, members indicated Option B was their preferred role. Option B states, "implement Sound Move, considering methods to encourage increased local economic benefits". The Executive Committee then chose all four economic development activities identified in the Options Paper

(Job Creation, Training Opportunities, Direct Contracting, and Business Technical Assistance) as consistent with the increased local economic benefit choice, and directed staff to prepare a clarifying motion.

Staff has submitted the same level of funding from 1998 (\$400,000) to implement an economic development program in 1999. Even with that amount of funding, further direction is needed on where to prioritize activities for specific programs to be supported or developed.

In preparing this motion, staff used the Options Paper for guidance. The Options Paper provided information regarding Sound Transit's current activities as well as potential activities. The four economic development activities can be divided into the two objectives cited in Motion 34 to maximize economic benefits to 1) local businesses (Direct Contracting, and Business Technical Assistance), and 2) local employment (Job Creation and Training Opportunities).

Local Business Objective (Direct Contracting, and Business Technical Assistance): As indicated in the Options Paper, Sound Transit is already implementing an innovative approach to involve local, small and M/W/DBE firms on its contracts and to increase contracting opportunities by "unbundling" contracts where feasible and reasonable to do so. Sound Transit also continues to reach out to diverse contractor interests, and continues to develop and implement processes to facilitate optimal contractor performance. As implementation of Sound Move goes forward, there is a need to assist firms seeking to do business with Sound Transit, but facing obstacles or barriers that may be overcome with technical assistance. Business Technical Assistance includes proposals such as Resolution No. R98-39, "Local, Small and M/W/DBE Business Support Program," currently before the Finance Committee. If approved by the Finance Committee and by the Board, staff advises that the Business Support Program should be considered the key (and possibly the sole) activity for funding priority under this objective, given the size and scope of the request. Business Technical Assistance, therefore, is an activity area in which Sound Transit is not currently engaged, and which can directly benefit the implementation of Sound Move.

Local Employment Objective (Job Creation and Training Opportunities): As indicated in the Options Paper, Sound Transit itself is a job creating generator. Under Job Creation, Sound Transit may direct dollars for projected labor needs to include a mixture of opportunities in support of summer youth programs, as a welfare to work placement partner, and could authorize targeted hiring incentives. Sound Transit's own hiring record reflects its commitment to diversity. As labor is needed for long term benefits, however, there is a need for workforce training to meet anticipated labor needs in future design, construction, and operations activities. Training Opportunities include activities such as internships, pre-apprenticeship and apprenticeship programs in the construction trades, and school-to-work efforts. Within budget guidelines given to staff, Sound Transit has designated a part of the 1998 budget to identify Sound Transit's specific labor needs and how training opportunity efforts can be aligned to target activities to meet Sound Transit's needs. That work will be accomplished in an economic impact study that is in final negotiations with consultants. Training opportunities, therefore, is an activity area in which Sound Transit is not currently engaged, and which can directly benefit the implementation of Sound Move.

Staff has reviewed the activities and submits for Board consideration an approach to prioritize economic development activities from among the choices where Sound Transit is not already implementing policies or engaged in activities. In this manner, all of the choices for activities will be addressed, yet funding will be prioritized for activities that currently are not readily supported with existing funding resources.

RELEVANT BOARD POLICIES AND PREVIOUS ACTIONS TAKEN:

- Motion No. 34, relating to maximizing the economic benefit that local businesses and workers can derive from Sound Move, by calling for a local economic development summit and directing the development of a strategy for Sound Transit's participation. (July 24, 1997)
- Economic Development Summit conducted by Sound Transit on September 9, 1997 for local government, economic development and community organizations.
- Motion 51, establishing an economic development budget and calling for development of an Economic Development Program in 1998. (December 11, 1997)
- Adopted Fiscal Year 1998 Budget authorizing \$400,000 out of the Regional Fund for economic development programs.
- Motions 26 and 29 adopting policies regarding local, small and M/W/DBE businesses. (March 27, 1997 and May 22, 1997, respectively)
- Motion 98-25 adopting policies regarding transit-oriented development. (April 9, 1998)

KEY FEATURES:

- Establishes Sound Transit's role in economic development in employment and contracting as follows: "Implement Sound Move, considering methods to encourage increased economic benefits."
- Establishes policy whereby activities receiving funding priority are those activities where Sound Transit is not already implementing policies or otherwise engaged. In this manner, all of the choices for activities will be addressed, yet funding will be prioritized for activities that currently are not already being implemented or are not readily supported with existing funding resources.
- Establishes that for the balance of 1998 and in 1999, Training and Business Technical Assistance activities will be given funding priority.
- Authorizes staff to develop and implement a process for the submission of specific proposals (consistent with the established 1998 and 1999 funding priorities) from potential public and private partners, and to evaluate, negotiate and recommend certain proposals for Board consideration. Staff will develop specific proposed activities for implementation that do not duplicate (but may enhance) effective efforts already in existence; encourage private and public partnerships throughout the region, and facilitate intergovernmental cooperation.

FUNDING:

The Fiscal Year 1998 Budget authorized \$400,000 out of the Regional Fund for economic development programs. Most of that funding was not used however, consistent with Board direction to develop an economic development program in 1998. \$400,000 has been included in the Fiscal Year 1999 budget.

ALTERNATIVES:

1. Take no action.
2. Direct staff to develop specific proposals for approval prior to taking action.

CONSEQUENCES OF DELAY:

1. Take no action. – This alternative would effectively end staff's efforts to respond to interested parties who have stated that increasing local economic benefits is or should be an important part of Sound Transit's role in economic development in the region. Staff could, however, focus on activities that do not require additional financial support, or can be readily supported with existing funding resources.
2. Direct staff to develop specific proposals for approval prior to taking action. – This alternative would leave uncertain what areas to prioritize for the balance of 1998 and in 1999. Attracting potential partners in support of Sound Transit's activities, and efforts to develop activities may be hampered by the uncertainty of Board support for such activities. Staff could, however, focus on activities that do not require additional financial support, or can be readily supported with existing funding resources.

LEGAL REVIEW: Upon review of the background and comments and the motion, the Legal Department finds both to be legally acceptable.

SOUND TRANSIT

MOTION NO. M98-75

A motion of the Board of the Central Puget Sound Regional Transit Authority clarifying Sound Transit's appropriate role in economic development to include increasing local economic benefits in employment and contracting, directing staff to pursue economic development activities that encourage increased local economic benefit in employment and contracting, prioritizing funding in training opportunities and business technical assistance for 1998 and 1999, and authorizing staff to develop and implement a process for the submission of specific recommended proposals for Board consideration.

Background:

After the Board's adoption of an economic development strategy by Motion 51 in December 1997, the Board expressed concerns about the agency's appropriate role and level of effort in economic development. The range of potential Sound Transit roles and project types was gathered into an options paper dated July 6, 1998 for Board consideration. At the Executive Committee on September 4, 1998, members indicated their preference to implement Sound Move, considering methods to encourage increased local economic benefits. The Executive Committee also chose all four economic development activities (Job Creation, Training Opportunities, Direct Contracting, and Business Technical Assistance) as consistent with the increased local economic benefit preference, and directed staff to prepare a clarifying motion.

Staff has reviewed the activities and submits for Board consideration an approach to prioritize from among the choices those activities where Sound Transit is not already implementing policies or engaged in activities. In this manner, all of the choices for activities will be addressed, yet funding will be prioritized for activities that currently are not readily supported with existing funding resources.

Staff recommends that for the balance of 1998 in 1999, Training Opportunities and Business Technical Assistance activities be given funding priority.

Motion:

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that Sound Transit's appropriate role in economic development includes increasing local economic benefits in employment and contracting, which directly benefits Sound Transit in the implementation of Sound Move.

The Board declares that job creation, training opportunities, direct contracting, and business technical assistance are activities considered to be consistent with the goal of increased local economic benefit in employment and contracting.

The Board further declares that since Sound Transit is already engaged in job creation and direct contracting activities, funding priority should be given to training opportunities and business

technical assistance activities where Sound Transit is not already implementing policies or which are not readily supported with existing funding resources.

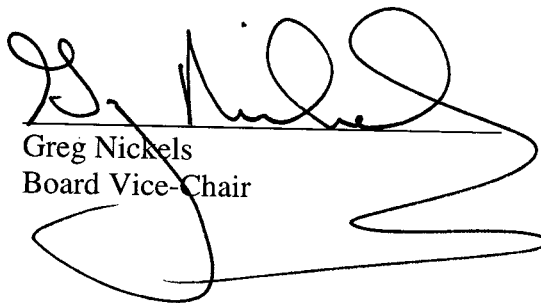
The Board further declares that for the balance of 1998 and in 1999, training opportunities and business technical assistance activities will be given funding priority.

Consistent with this motion, staff is directed to develop and implement a process for the submission of specific proposals from potential public and private partners, and to evaluate, negotiate and recommend proposals for Board consideration. Staff will develop specific proposed activities for implementation that do not duplicate (but may enhance) effective efforts already in existence, encourage private and public partnerships throughout the region, and facilitate intergovernmental cooperation.

Approved by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof on the 22 day of October, 1998.

ATTEST:

Marcia Walker
Marcia Walker
Board Administrator


Greg Nickels
Board Vice-Chair

SOUND TRANSIT

DISCUSSION PAPER

Options for Sound Transit Roles in Economic Development BACKGROUND AND COMMENTS

| Meeting: | Date: | Type of Action: | Staff Contact: | Phone: |
|---------------------|--------------|------------------------|--|---------------|
| Executive Committee | 7/17/98 | Discussion | Alec Stephens, Diversity Program Manager | 206-689-3762 |
| Executive Committee | 9/4/98 | Discussion | Paul Matsuoka, Deputy Executive Director | 206-684-6761 |

DISCUSSION TOPIC:

Discussion of Sound Transit's appropriate role in economic development. Options are presented and Boardmembers are asked to provide direction on Sound Transit's appropriate level of additional effort beyond actions already being undertaken.

BACKGROUND:

After the Board's adoption of an economic development strategy in December 1997, Boardmembers were interviewed to understand their concerns. Options were gathered into the attached options paper for Board consideration.

RELEVANT BOARD POLICIES AND PREVIOUS ACTIONS TAKEN:

- Economic Development Summit conducted by Sound Transit on September 9, 1997 for local government, economic development and community organizations.
- Motion 51, adopting an economic development strategy and laying out a framework of policies and principles and a proposed investment grant program to further economic development activities in several areas. (December 11, 1997)
- Fiscal Year 1998 Budget authorizing \$400,000 out of the Regional Fund for economic development programs.
- Motions 26 and 29 adopting policies regarding local, small and M/W/DBE businesses.
- Motion 98-25 adopting policies regarding transit-oriented development.

KEY FEATURES:

Board members are asked to provide direction in two areas:

General role and level of effort:

- a) Implement Sound Move only, since economic benefits will flow from the investment naturally.
- b) Implement Sound Move, considering methods to encourage increased local economic benefits.
- c) Develop some new programs to support specific benefits that will accrue to Sound Transit and to the regional economy.
- d) Develop an expansive economic initiative to benefit the regional economy as a whole.

Focus area:

- a) **Job creation.** Direct creation of employment opportunities for already qualified workers.
- b) **Training.** Training for job seekers to prepare them for employment with Sound Transit or its contractors and to build a local base of skilled workers.
- c) **Direct contracting.** Creation of contracting opportunities for already skilled and qualified firms.
- d) **Business technical assistance.** Assistance to businesses to prepare them for contracts with Sound Transit and to build a local base of skill capacity.

ALTERNATIVES:

Leave to agency management the selection of an appropriate role and focus areas for economic development.

CONSEQUENCES OF DELAY:

Any potential new programs will be delayed.