

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2002-76

City of Issaquah Memorandum of Understanding

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Executive Committee	6/06/02	Discussion/Possible Action to Recommend Board Approval Action	Sheila Dezarn, Special Assistant for Policy Development Paul Matsuoka, Policy and Planning Officer	(206) 398-5071
Board	6/13/02			(206) 398-5070

Contract/Agreement Type:	✓	Requested Action:	✓
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

- Enter into a Memorandum of Understanding with the City of Issaquah to fulfill the policy intent of Sound Transit's commitment to newly annexed areas regarding the use of tax revenues generated by that area.

ACTION

- Authorize the Executive Director to execute a Memorandum of Understanding with the City of Issaquah to fulfill Sound Transit's commitment, as expressed in Sound Move, regarding the use of new tax revenue from newly annexed areas.

KEY FEATURES

- Authorizes the Executive Director to execute a Memorandum of Understanding with the City of Issaquah regarding investments to benefit the newly annexed Issaquah Highlands.
- The MOU represents the next step in the annexation process, per Sound Move policy, which requires that an interlocal agreement be developed that identifies how taxes generated by the newly-annexed area will be used for the first five years.
- Sound Transit initiated MVET and sales tax collections in the newly annexed Issaquah Highlands on April 1, 2001. Sound Transit estimates that through April 1, 2007, approximately \$0.6 to \$1.0 million in revenues will be generated.
- Sound Transit and City staff conducted outreach to Issaquah Highlands residents and was advised that they prefer that the funds be used for additional park-and-ride capacity.
- Sound Transit and the City agree to coordinate with King County Metro on ways to expand park-and-ride capacity in the Issaquah Highlands.

BUDGET IMPACT SUMMARY

Project Description: City of Issaquah Memorandum of Understanding

Current Status: Not applicable

Projected Completion Date: Not applicable

Action Outside of Adopted Budget:	Y/N	Y	Requires Comment
This Line of Business	N		
This Project	N		
This Phase	N		
This Task	N		
Budget amendment required	N		
Key Financial Indicators:	Y/N	Y	Requires Comment
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

Not applicable.

REVENUE, SUBAREA, AND FINANCIAL PLAN IMPACTS

No budget impact is anticipated.

M/W/DBE – SMALL BUSINESS PARTICIPATION

Not applicable.

HISTORY OF PROJECT

In June 2001, the City of Issaquah (City) formally requested that Sound Transit place a ballot measure before the registered voters residing within the Issaquah Highlands, an area contiguous to Sound Transit's boundary. The Issaquah Highlands was annexed into the City subsequent to Sound Transit's November 1996 vote on Sound Move, with the net effect being that that portion of the City was not within Sound Transit's boundary. The City wished to adjust the boundary so that the entire city was within Sound Transit's boundary.

In response to the City's request, the Sound Transit Board agreed to call an election to annex the Issaquah Highlands into Sound Transit's territory and to impose local option taxes at rates presently imposed within Sound Transit's existing boundary. The ballot measure was placed before the voters residing within the Issaquah Highlands on November 6, 2001, and it was approved. Sound Transit began collecting MVET and sales and use taxes in the Issaquah Highlands on April 1, 2002. It is estimated that they will generate from \$0.6 to \$1.0 million between 2002 and 2007. Because there is no retail activity currently in the Issaquah Highlands, MVET is the basis for this revenue estimate.

Sound Move policies related to newly-annexed areas state that “taxes from areas joining the RTA District will be used only for specific facilities and services for up to five years as described in an inter-local agreement with that area.” Sound Transit staff have consulted with City staff and jointly conducted outreach to residents of the Issaquah Highlands, and have been advised that the residents prefer additional park-and-ride capacity. The interlocal agreement states that Sound Transit and the City agree that the first five years’ revenues derived from the newly annexed area should be applied to expanding the park-and-ride facility being developed in the Issaquah Highlands.

King County Metro is developing a 500-stall park-and-ride facility in the Issaquah Highlands. An extension of the ST Express Route 554 is proposed in the 2002 Regional Express Service Plan that has been approved by the Board which provides a direct Sound Transit connection to that facility. Regional Express staff is coordinating with Metro to identify options for expanding the facility and to apply funds from the Issaquah Highlands to that expansion. When project specifics are further developed, Regional Express staff will review them with the Board.

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

Motion or Resolution Number	Summary of Action	Date of Action
R2001-11	Called an election to annex the area within the City of Issaquah commonly known as the Issaquah Highlands into Sound Transit’s territory, to impose local taxes at rates presently imposed within Sound Transit’s existing boundary, established the ballot title and directed the Executive Director to take actions necessary to conduct the election on November 6, 2001.	9/13/01

CONSEQUENCES OF DELAY

There are no significant consequences of delay. However, residents of the Issaquah Highlands are expecting Sound Transit to follow through on its election commitment.

REGIONAL PARTNERSHIP AND COOPERATION

Sound Transit consulted with King County Metro prior to calling the annexation election, a step required by RCW 81.112. Subsequently, Sound Transit, City of Issaquah, and King County Metro staff has discussed options for coordinating the development of a project in the Highlands.

PUBLIC INVOLVEMENT

Sound Transit staff, together with City staff, conducted outreach to the residents of the Issaquah Highlands to seek input on what type of investment would most benefit them.

LEGAL REVIEW

JW 5-7-02

SOUND TRANSIT

MOTION NO. M2002-76

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the Executive Director to execute a Memorandum of Understanding with the City of Issaquah to fulfill Sound Transit's commitment, as expressed in Sound Move, regarding the use of new tax revenue from newly annexed areas.

Background:

In June 2001, the City of Issaquah (City) formally requested that Sound Transit place a ballot measure before the registered voters residing within the Issaquah Highlands, an area contiguous to Sound Transit's boundary. The Issaquah Highlands was annexed into the City subsequent to Sound Transit's November 1996 vote on Sound Move, with the net effect being that that portion of the City was not within Sound Transit's boundary. The City wished to adjust the boundary so that the entire city was within Sound Transit's boundary.

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When project specifics are further developed, Regional Express staff will review them with the Board.

Motion:

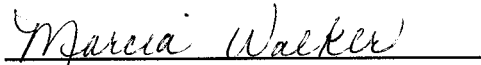
It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the Executive Director is authorized to execute a Memorandum of Understanding with the City of Issaquah to fulfill Sound Transit's commitment, as expressed in Sound Move, regarding the use of new tax revenue from newly annexed areas.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on June 13, 2002.

A handwritten signature in black ink, appearing to read "Ron Sims", written over a horizontal line.

Ron Sims
Board Chair

ATTEST:

A handwritten signature in black ink, appearing to read "Marcia Walker", written over a horizontal line.

Marcia Walker
Board Administrator