

MOTION NO. M2011-60

Amend Community Development Fund Substitute Funding Agreement

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Operations and Administration Committee	07/21/11	Recommendation to Board	Ahmad Fazel, DECM Executive Director
Board	07/28/11	Final Action	Ron Lewis, Deputy Executive Director – Business Services Q’Deene Nagasawa, Administrative Analyst

PROPOSED ACTION

Authorizes the chief executive officer to execute an amendment to the Rainier Valley Substitute Community Development Fund Agreement with the City of Seattle to delay \$2 million of the City of Seattle’s funding commitment to 2013.

KEY FEATURES

- Amends the April 2005 Substitute Community Development Fund (CDF) Agreement with the City of Seattle that establishes, oversees, and funds the City of Seattle’s portion of the Transit-Oriented Community Development Fund for Southeast Seattle.
- Sound Transit is a party to the agreement, but no longer has a financial obligation under the agreement. The amendment has no budget impact to Sound Transit.
- The amendment would delay a portion of the City’s 2011 and 2012 funding commitment and extend the funding schedule into 2013. The delayed funding will offset deep cuts to the City’s Community Development Block Grant (CDBG) program.
- The amendment maintains Seattle’s funding commitment of \$42.8 million.
- Payment of \$1 million of CDBG funds from each fiscal year of 2011 and 2012 will be delayed to the fiscal year of 2013.

PROJECT DESCRIPTION

The CDF is a non-profit community-controlled financial institution established to stimulate economic development in the Rainier Valley. Through a contract with Sound Transit, the CDF initially administered a supplemental mitigation program to assist those businesses impacted directly by light rail construction. The supplemental mitigation program was completed in 2009 when light rail construction ended. The CDF is now focused on the community development program that offers business expansion and incentive loans and real estate financing Loans.

The business incentive loans are designed to help existing companies stabilize, strengthen, or grow their business. Loans are also available for new businesses or businesses new to the community that will provide new services and/or jobs for Rainier Valley residents. The Real Estate Financing Loans provide gap financing for development projects in the Community Development Fund investment area. These loans fill a gap in available debt that can be subordinated and leveraged with other sources while offering attractive interest rates¹.

¹ Rainier Valley Community Development Fund Website, July 15, 2011

FISCAL INFORMATION

There is no budget impact to Sound Transit resulting from this amendment.

SMALL BUSINESS PARTICIPATION

Not applicable to this action.

BACKGROUND

On November 18, 1999, the Sound Transit Board established the \$50 million Transit-Oriented Community Development Fund (Fund) to increase transit ridership on Central Link and to address the impacts of light rail construction and operation (Resolution No. R99-34). The resolution provided that the Fund should be offset by contributions from the City of Seattle and King County to the Central Link project.

In September 2002, the Rainier Valley Community Development Fund, a non-profit, was formed to carry out the mission of the CDF to provide products and services for supplemental mitigation, transit-oriented development and community development. The supplemental mitigation program provided over 1,000 payments to more than 180 businesses that were impacted by light rail construction. This program ended when construction was completed.

On February 24, 2005, the Sound Transit Board adopted Motion No. M2005-14, which authorized the Substitute Community Development Fund Agreement with the City to establish, oversee, and fund the City's portion of the CDF. The agreement established two separate accounts: the Supplemental Mitigation Account administered by Sound Transit (funded with contributions to the light rail project by the City of Seattle and King County) and the Community Development Account administered by the City of Seattle (funded with general funds and the CDBG).

This amendment provides for a revised funding schedule for the City's contribution to the Community Development Account.

ENVIRONMENTAL COMPLIANCE

Jl 7/15/2011

PRIOR BOARD/COMMITTEE ACTIONS

Motion No. M2005-110 – Amended the 2002 Operating Plan for the Rainier Valley Community Development Fund.

Motion No. M2005-14 – Executed a Substitute Community Development Fund Funding 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.

Motion No. M2003-07 – Executed a long-term service agreement with the Rainier Valley Community Development Fund (RVCDF) to administer Sound Transit's Supplemental Mitigation Account of the Community Development Fund (the Fund) for a period of one year in the amount of \$528,935, with options to extend annually for a total of five years.

Motion No. M2002-138 – Adopted the Rainier Valley Community Development Fund Operating Plan.

Motion No. M2002-46 – Executed 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.

Resolution R2002-16 – Executed 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.

Resolution R2001-16 – Selected the initial segment of the Central Link Light Rail Project to be constructed and operated by 2009.

Motion No. M2000-72 – Related to establishment of a steering committee for the \$50 million Transit Oriented Community Development fund for Southeast Seattle, providing for associated tasks and procedures, and directing staff to develop Memoranda of Understanding with the City of Seattle and King County identifying their offsetting contributions to the Link Light Rail program.

Resolution R99-34 – Selected the alignment and profiles, station locations, and vehicle maintenance base site to be built for the Central Link Light Rail Project (and Established a Transit-Oriented Community Development Fund).

TIME CONSTRAINTS

The City of Seattle is expected to pass the amendment through council on July 27, 2011. A delay of this action would cause additional impact to the budget cuts to the City of Seattle's federal Community Block Grant program and other critical programs and services provided by the City.

PUBLIC INVOLVEMENT

The Rainier Valley Community Development Board of Directors has approved the extension of the City of Seattle's CDBG funding schedule through 2013 and has no objection to this amendment.

LEGAL REVIEW

JB 7/15/11

MOTION NO. M2011-60

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute an amendment to the Rainier Valley Substitute Community Development Fund Agreement with the City of Seattle to delay \$2 million of the City of Seattle's funding commitment to 2013.

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MOTION:

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute an amendment to the Rainier Valley Substitute Community Development Fund Agreement with the City of Seattle to delay \$2 million of the City of Seattle's funding commitment to 2013.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on July 28, 2011.



Aaron Reardon
Board Chair

ATTEST:



Marcia Walker
Board Administrator