

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2002-121

Scope Control Policy

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Executive Committee	11/7/02	Deferred	Paul Matsuoka, Policy and Planning Officer	(206) 398-5070
Finance Committee	11/21/02	Deferred		
Executive Committee	1/9/03	Discussion/Possible Action to Recommend Board Approval		
Finance Committee	1/16/03	Discussion/Possible Action to Recommend Board Approval		
Board	1/23/03	Action		

Contract/Agreement Type:	3	Requested Action:	3
Competitive Procurement		Execute New Contract/Agreement	
Sole Source		Amend Existing Contract/Agreement	
Memorandum of Agreement		Contingency Funds Required	
Purchase/Sale Agreement		Budget Amendment Required	

4 Applicable to proposed transaction.

OBJECTIVE OF ACTION

- Develop a set of policies to help guide Sound Transit staff in responding to partners requests for enhancements to projects that enlarge scope.

ACTION

- Adopt the policies as recommended, or as amended by the Board.

KEY FEATURES

- Recommends the development of a Purpose and Need statement at the beginning of project development.
- Recommends the sharing of information related to the assessment of project impacts.
- Recommends responsibly mitigating significant, adverse impacts.
- Recommends that at an appropriate point in the project development process that a preferred alternative, baseline scope, committed mitigation measures, and baseline budget be established.
- Recommends various responses for Sound Transit staff when partners request project enhancements that enlarge scope.

BUDGET IMPACT SUMMARY

Project Description: Adoption of Scope Control Policy

Current Status: No Budget Impact

Projected Completion Date: N/A

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

The proposed action has no budget impact per se, however, the policies, if adopted and implemented, would help provide a framework for dealing with requests that otherwise could have resulted in increased budgets.

REVENUE, SUBAREA, AND FINANCIAL PLAN IMPACTS

While, the proposed action itself would have no direct impact on Sound Transit's current long-term financial plan or the subarea financial capacity, adoption of the policies may favorable impact both.

M/W/DBE – SMALL BUSINESS PARTICIPATION

Not applicable

HISTORY OF PROJECT

In recent Finance Committee meetings, Board members have raised questions about how staff can be more effective in controlling project scope and budgets ("scope creep"), and appropriate roles for the Board to play in assisting staff in this effort. Of particular interest to Finance Committee members is how staff reacts to requests from project partners for enhancements that are outside the scope of the project. Finance Committee members voiced a concern about early decisions that may be made by staff, which Board members cannot easily reverse once the issue is presented to them for approvals. Accordingly, they have asked how and when may the Board be involved in the development of projects to help control overall project costs. This paper on scope control responds to the Finance Committee's requests for the development of policies to assist staff in responding to requests from partners for such enhancements.

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

Motion or Resolution Number	Summary of Action	Date of Action
M2002-22	Reimbursement Policy	05/09/02

CONSEQUENCES OF DELAY

None

REGIONAL PARTNERSHIP AND COOPERATION

Not applicable

PUBLIC INVOLVEMENT

Not applicable

LEGAL REVIEW

BN 10/04/02

SOUND TRANSIT

MOTION NO. M2002-121

A motion of the Board of the Central Puget Sound Regional Transit Authority to adopt a Scope Control Policy to help guide Sound Transit staff in responding to partners' requests for enhancements to projects and authorize the Executive Director to take necessary steps to implement the policy.

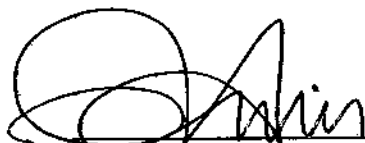
Background:

In recent Finance Committee meetings, Board members have raised questions about how staff can be more effective in controlling project scope and budgets ("scope creep"), and appropriate roles for the Board to play in assisting staff in this effort. Of particular interest to Finance Committee members is how staff reacts to requests from project partners for enhancements that are outside the scope of the project. Finance Committee members voiced a concern about early decisions that may be made by staff, which Board members cannot easily reverse once the issue is presented to them for approvals. Accordingly, they have asked how and when may the Board be involved in the development of projects to help control overall project costs. This staff recommended policy paper on scope control responds to the Finance Committee's requests for the development of policies to assist staff in responding to requests from partners for such enhancements.

Motion:

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the Scope Control Policy, as attached, is adopted to help guide Sound Transit staff in responding to partners' requests for enhancement to projects. The Executive Director is authorized to take the necessary steps to implement the policy.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on January 23, 2003.



Ron Sims
Board Chair

ATTEST:



Marcia Walker
Board Administrator



Scope Control Policy

It is the policy of the Sound Transit Board to develop cost-effective transportation projects that maximize transit benefits, minimize costs, and encourage prudent management of project development. The Board accordingly adopts these general principles to enable staff to respond to requests they receive to enhance Sound Transit projects beyond their initial scope and budget.

1. Initial Scope

- a. Project managers should review the purpose, intent and budget of the projects as described in Sound Move and use the information to develop the project description.
- b. At the outset, project managers should develop a Purpose and Need statement that describes in general terms the reasons for and objectives of the project.
- c. Project managers should also review the enabling legislation to provide context for the projects, and to ensure the projects fit the definition of high capacity transit.
- d. Project managers should consider whether an initial meeting is desirable between staff/board members of Sound Transit with staff/elected officials of the jurisdiction in which the project is located in order to review the Purpose and Need statement and available project budget.

2. Project Development

- a. Project managers should begin the analysis phase of the project by identifying project alternatives that respond to the initial scope or Purpose and Need statement and that are within the project budget, assessing environmental impacts and mitigating measures for the alternatives, and beginning engineering and design.
- b. The assumptions and measurement methods for analyzing project impacts should be shared with Sound Transit's partners to foster the broadest understanding and agreement possible on the project's impacts.

3. Mitigation

- a. Sound Transit should responsibly and reasonably mitigate significant, adverse environmental project impacts consistent with the State Environmental Policy Act (SEPA) and applicable federal, state, and local regulations. Requests for mitigation should be based on specific, significant adverse environmental impacts clearly identified in the SEPA document for the project and should be attributable to such impacts.
- b. In addition, requests for mitigation should be reasonable; based on policies, plans, rules or regulations formally designated under SEPA and in effect at the time when the environmental determination was issued; capable of being accomplished and within Sound Transit's authority to implement; proportionate to the impacts directly caused by the project; cost-effective in light of the project budget, the severity of the impact, and the anticipated

reduction in impact due to the mitigation; and consistent with federal, state, and local regulations.

- c. Ultimately, the analysis of project impacts and associated mitigating measures are summarized in an environmental document, which informs Sound Transit's decision-making.
- d. Beyond the mitigation called for above, Sound Transit should consider the reasonableness of concurrency requirements that jurisdictions may impose on developments. Growth Management and High Capacity Transit legislative acts were originally adopted in order to encourage compact, livable communities and urban centers that were to be connected with high-capacity transit services. Therefore, the Sound Transit Board believes that high-capacity facilities should be viewed as a needed response and solution to growth management concurrency regulations, not as a development subject to additional concurrency requirements.

4. Baseline Scope

- a. Sound Transit's project decision after the completion of environmental review should form the basis for project scope and mitigating measures from this point forward.
- b. Sound Transit's decision on scope, mitigating measures, and budget should be documented and baselined.
- c. All subsequent engineering design, permitting activity, and project development should take as a frame of reference the baseline scope and budget.

5. Requests For Enlarged Scope

- a. Throughout the project implementation process, Sound Transit's partners may identify opportunities for enhancements to the baseline scope and express a willingness to finance such enhancements. (If Sound Transit obtains federal funding for the project, these funds cannot be used to finance betterments) Sound Transit should examine these opportunities and make every attempt to integrate them into the project's design if, in doing so, there is not a negative impact to Sound Transit's scope, schedule, and budget, and if the enhancement leads to greater community acceptance. Sound Transit staff should consider both capital and on-going operating costs in their assessment of proposals.
- b. In undertaking a larger scope by incorporation of an enhancement Sound Transit's administrative costs may increase. Sound Transit should consider whether to require the requesting partner to provide reimbursement of these higher costs. In addition, Sound Transit should consider requiring that an appropriate proportionate share of prior project development costs be reimbursed as well.
- c. If Sound Transit determines there is a potential risk to schedule and budget associated with the partner's request for enhancement, the parties should develop a written agreement in which the risks are identified, and the Sound Transit partner commits to being financially responsible for paying for any increased costs should the risks result in actual costs.
- d. If Sound Transit's partner requests additional scope but is currently unable to finance the costs of the additional scope, then Sound Transit's

Reimbursement Policy (Motion No. M2002-22) should provide guidance to Sound Transit staff. Sound Transit and its partner should develop a written agreement, which should specify the terms and conditions for the partner to eventually reimburse Sound Transit for the costs in the future, recognizing the value of the dollars in the year spent and the year reimbursed.

- e. If Sound Transit's partner requests additional scope but declines financial responsibility, Sound Transit staff should examine the proposal and recommend whether Sound Transit should commence a mediation process, whether to request that Board members become directly involved in negotiations with the partner's elected officials, or whether to take all necessary steps to have the matter resolved by third parties.
- f. Sound Transit staff should not accept financial responsibility for increased scope which staff believes is the partner's responsibility simply because the project's costs may be trending below the baseline budget.
- g. If, as a result of the process in (e), Sound Transit staff is required to incorporate the additional scope into the baseline scope and such incorporation results in projected costs exceeding the baseline budget, Sound Transit staff should demonstrate to the Sound Transit Board that the expenditure is consistent with Sound Transit's enabling legislation that would permit Sound Transit to finance the enhancement, that sufficient financial capacity is available within the appropriate subarea to cover the increased costs, and the Sound Transit Board votes by a two-thirds majority to change the project's budget to incorporate the enhanced scope.