

A photograph of a Sound Transit train, showing the side of the car with windows and the 'SOUND TRANSIT' logo. The train is white with a teal and blue stripe. The background shows a station platform with a glass roof.

Discussion on Proposed Committee Structure Changes

Executive Committee

June 7, 2018

 **SOUND TRANSIT**

Workshop Outcomes

- The May Board Workshop covered three areas:
 - Board committee updates
 - Changes to the approval authority for committees and the CEO
 - Communications with the board and staff
- Board process changes are scheduled to be completed by the end of 2018.
- Today's discussion is focused on changes to the board committee structure. Board action on the changes will be scheduled for later this year.

Current Committee Structure

Structure adopted by the board in 2010:

Executive
Committee

(No \$\$ authority)

Operations and
Administration
Committee

(\$\$ authority)

Capital
Committee

(\$\$ authority)

Audit and
Reporting
Committee

(No \$\$ authority)

Structure Change Proposed at Workshop

Structure proposed by Chair Somers at the May board workshop:

Executive
Committee
(\$\$ authority)

Rider Experience
and Operations
Committee
(\$\$ authority)

Capital
Expansion
Committee
(\$\$ authority)

~~Audit and
Reporting
Committee
(No \$\$ authority)~~

Finance and
Audit
Committee
(No \$\$ authority)

Goals for Executive Committee Changes

Executive
Committee
(\$\$ authority)

Changes to the Executive Committee are designed to:

- Strengthen the board's focus on policy
- Consolidate the board's work on system wide programs
- Grant approval authority to distribute committees' workload

Executive Committee Responsibilities being retained

- Retain review of:
 - The board's rules, operating procedures, and governance structure.
 - All board policies.
 - The state legislative agenda and government relations strategies.
 - The performance of the CEO.
- Retain ability for the Executive Committee to act in lieu of the board where allowed under board policy.



Additions to Executive Committee Responsibilities

- Grant new approval authority for contract approvals.
- Add review of:
 - Strategies, transactions and budgets for systemwide programs, including TOD and surplus property.
 - Contract reports related to systemwide programs.
- Consolidate policy review within the Executive Committee.

Executive Committee Responsibilities being transferred



- Move review of:
 - Communications affecting the rider experience to the Rider Experience and Operations Committee.
 - External engagement to the System Expansion Committee.
 - The agency's financial plan, bond issuances and overall review of the agency budget to the Finance and Audit Committee.

Goals for Operations and Administration Committee Changes

Rider Experience
and Operations
Committee
(\$\$ authority)

Changes to the Operations and Administration Committee are designed to:

- Focus on the customer experience
- Build expertise on transit planning, services and service contracts
- Grow awareness of agency operations and maintenance issues

New name for Operations and Administration Committee



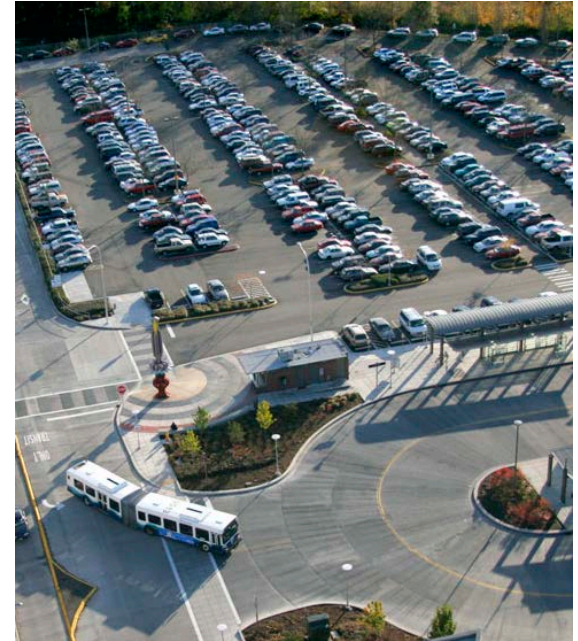
- Rename as the Rider Experience and Operations Committee

Responsibilities being retained by the Rider Experience and Ops. Committee

- Retain review of:
 - Operating plans, transit services and business models.
 - Strategies and contracts related to maintenance, fleet and facility plans.
 - Administrative programs that support agency operations.
- Retain approval authority for transactions related to operations and administration.

Additions to Rider Experience and Operations Committee Responsibilities

- Add review of:
 - Activities and communications affecting the rider experience.
 - System enhancement and state of good repair projects.
 - Proposed annual budgets for system enhancement projects, state of good repair projects, and agency operations.
 - Contract reports related to agency operations and administration.



Rider Experience and Ops. Committee Responsibilities being Transferred

- Move review of:
 - New and existing operations and administration policies to the Executive Committee.

Goals for Capital Committee Changes

Capital
Committee
(\$\$ authority)

Changes to the Capital Committee are designed to:

- Build expertise on the financial and construction status of system expansion projects
- Grow awareness of agency project development and delivery

New name for Capital Committee



- Rename as the System Expansion Committee

Responsibilities being retained by the System Expansion Committee

- Retain review of:
 - Strategies for project development and delivery.
 - Scope, schedule, budget, risks, construction activities, and claims for system expansion projects, and adding review of external engagement.
 - Proposed annual system expansion project budgets (for recommendation to the Finance and Audit Committee and/or board).
- Retain approval authority for transactions related to system expansion.

Additions to System Expansion Committee Responsibilities

- Add review of:
 - Contract reports related to system expansion.



System Expansion Committee Responsibilities being transferred

- Move review of:
 - System enhancement and state of good repair projects (including review of annual budgets and related contract actions) to the Rider Experience and Operations Committee.
 - Surplus property disposition to the Executive Committee.
 - New and existing capital-related policies to the Executive Committee.

New Committee with greater focus on finances

Finance and
Audit
Committee
(No \$\$ authority)

- Create a new Finance and Audit Committee and sunset the Audit and Reporting Committee
- The new committee is designed to:
 - Provide an overall review of the agency budget and finance plan
 - Better address financial risks and issues
 - Build expertise on the agency's audit activities

Responsibilities being transferred to the Finance and Audit Committee

- Transfer current Audit and Reporting Committee responsibilities for review of:
 - Financial statements.
 - Performance against capital and operating budgets.
 - Investment and debt performance and risks.
 - Scopes, approaches and results of external and internal audits.
 - Internal audit plans and annual performance audits.
- Transfer Internal Audit Director's direct access and communication with the Finance and Audit Committee Chair.

New Responsibilities for the Finance and Audit Committee

- Add review of:
 - The agency's financial plan and policies.
 - Strategy to manage investment and debt performance.
 - Agency risk management efforts.
 - The approach for developing the annual budget.
 - The proposed annual budget upon recommendations from other committees.
- Establish new committee membership.

Responsibilities not transferred to the Finance and Audit Committee



- Review of contract reports transferred to the other committees.

Next Steps

Adoption of new committee responsibilities in September, after board decisions on changes to approval authority for the committees.

July

Discussion on committee and CEO approval authority and other updates to the Procurement and Delegation of Authority Policy (Resolution No. 78-2).

September

Briefing on the agency procurement process and internal controls.
Board action on an updated Procurement and Delegation of Authority Policy.
Board action on revised committee responsibilities.

October/November

Discussion and action on updates to the board rules.

Questions?

