

Independent Consultant
to the
Board of Directors
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Review of Agency Reports
December 15, 2022

Background

- Resolution R2021-05 directed new reports for Realignment:
 - Annual Program Review
 - Cost Savings Work Plan
 - Current & Anticipated Cost Drivers Report
 - Ad Hoc Cost & Schedule Change Reports
- Other reports continue.
- Reviewed capital project reports, and interviewed Board members and staff to understand:
 - content
 - data sources
 - frequency
 - distribution
- Improvements are recommended to better support Board decision-making.

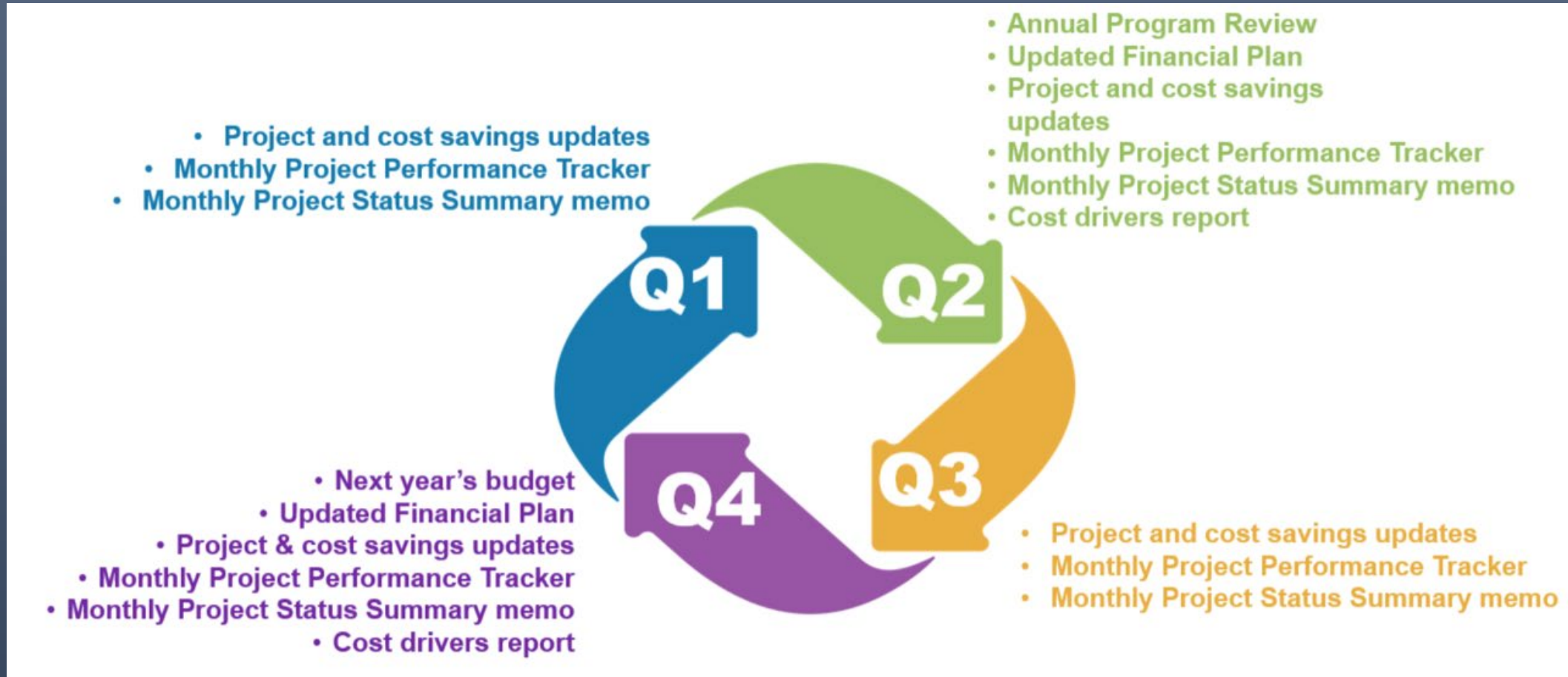
Board Member Comments

Many consistent comments:

- Reporting overload: number, frequency, density, and attachments.
- Focus on executive summaries, exception reports, and succinct documentation – *to support decision-making*.
- Use transmittal forms: why is a document being distributed, its contents, context, and expected decisions; also use version control.
- Implement ad hoc or monthly reporting (“real time, off-cycle”) on overarching issues.
- Show trends of key indicators (i.e., the Project Performance Tracker).
- Some concern about reluctance to elevate bad news.
- Report on future operations including capital maintenance (SOG), shutdowns, and ridership impacts.
- There were also many positive comments.

Realignment Enhanced Business Cycle

(prepared by PSO)



Project Performance Tracker (“Tracker”)

- Monthly snapshot of capital projects; succinct (3 pages); Board-facing; historical.
- Green, yellow, red indicators for schedule, budget, and contingency.
- Under revision to be Board-facing and interactive; linked to monthly Agency Progress Report data.
- Will display multiple months.

Recommendation: Continue to develop Tracker for drill-down and historical data. Add trend arrows. Consider a regular presentation at each BOD and/or SEC meeting.

Project Performance Tracker Data Quality

Latest report date: April 2022 | Report date: Apr. 2022 | Project: All | Corridor: All

Projects in construction

As of	Project	Scheduled opening	% Complete construction	Budget risk	Contingency cost risk (entire project)	Contingency cost index (construction costs only)	Schedule risk
Apr. 2022	Downtown Redmond Link Extension	Jan. 2025	49.0%	●	●	●	◆
Apr. 2022	East Link Extension	Oct. 2023	96.8%	●	●	●	◆
Apr. 2022	Federal Way Link Extension	Dec. 2024	50.7%	●	●	●	●
Apr. 2022	Hilltop Tacoma Link Extension	Mar. 2023	81.0%	●	●	●	●
Apr. 2022	Light Rail Vehicle Fleet Expansion	Mar. 2025	59.1%	●	●	●	◆
Apr. 2022	Link Operations & Maintenance Facility: East	Dec. 2020	99.9%	●	●	●	●
Apr. 2022	Lynnwood Link Extension	Jul. 2024	64.3%	●	▲	●	◆
Apr. 2022	Northgate Link Extension	Oct. 2021	99.8%	●	●	●	●
Apr. 2022	Puyallup Station Parking & Access Improvement	Nov. 2022	96.2%	●	●	●	●

Legend

- % Construction complete**
Construction progress only. Does not include required testing and training period before opening.
- Scheduled opening**
The date shown in the current schedule for the project to be in service.
- Budget risk**
The difference between the project's estimated cost at completion and its baseline budget.
 - Green circle: On or under budget
 - Yellow triangle: 1%-5% over budget
 - Red diamond: More than 5% over budget
- Contingency cost balance**
The remaining amount of the project's budgeted contingency funds.
 - Green circle: Remaining balance is above what was planned for this point in time
 - Yellow triangle: Remaining balance is below what was planned for this point in time
 - Red diamond: Near or below the minimum cost contingency balance
- Contingency cost index**
The burn rate at which construction-specific contingency funds are being used. The lower the index, the higher the risk that Board action may be required to amend a contract. (Construction cost may exceed budget, but does not necessarily indicate an overall project budget overrun.)
 - Green circle: High index, low risk
 - Yellow triangle: Medium index, moderate risk

SOUNDTRANSIT

Agency Progress Report (“APR”)

- Monthly; lengthy (180 pages); Board & public-facing; recent news.
- Multiple audiences: FTA/PMOC monthly reviews, and TIFIA and FFGA reporting.
- Detailed capital project status, budgets and costs, cash flow, contingencies, risks, schedule, right-of-way, community, staffing, Board actions, safety, grants, and sustainability.
- Minor mention of realignment.

Recommendation: Given FTA and Board reporting requirements, no significant changes recommended. Staff currently assessing ways to summarize content per Independent Consultant and SEC comments; also, to track contingency balances in a single table including projected unspent balances (potentially to include in Annual Program Review).

Agency Progress Report Capital Programs



Downtown Redmond Link Extension Garage Construction

July | 2022



Cost Savings Work Plan

- Quarterly; short (4 pages); Board-facing; opportunity-focused.
- Recommended in Triunity report.
- Addresses programmatic savings and pre-baselined project-specific definition.
- Being revised for a higher-level, broader focus.
- Some programmatic cost-savings options, such as scope cuts, are controversial.

Recommendation: Eliminate quarterly reporting requirement. Agency-wide programmatic issues should be addressed, but only annually or ad hoc as needed. Project-specific cost-savings reviews should become a routine project management practice (like VE or ATCs) implemented by project teams.

Cost Drivers Memo

- Semi-annual; short (9 pages); Board-facing.
- Addresses key economic and construction cost indicators (materials and labor, industry pressures, property costs, operating costs).
- The information informs other agency reports but is somewhat redundant.

Recommendation: Change reporting frequency to ad hoc (but at least annually) as necessary to address real-time changes to specific drivers. The cost drivers content should be merged into the Annual Program Review.

Financial Plan & Adopted Budget

- Semi-annual; lengthy (220 pages); agency, FTA, and public-facing (required by FTA and agency policy).
- Report thoroughly addresses longer-term (2060) revenues and operating and administrative costs.
- Includes annual budget overview, 6-year transit improvement plan, project and administrative financials, SOGR, reserves, staffing, and sub-area allocations.
- Also addresses Realignment's affordable and target schedules.
- A strong positive is the identification of State of Good Repair budgets thru 2046.

Recommendation: No changes.

2022 Financial Plan & Adopted Budget



Annual Program Review

- Annual; lengthy (100 pages); Board & public-facing.
- Summarizes financial capacity, project readiness, and external pressures.
- Includes realignment overview, project cost and schedule status, affordability gaps, future projections, risks, and opportunities.
- Identifies affordability gaps for issuing debt.
- Project status is redundant with the monthly APR.

Recommendation: Delete individual project write-ups using links to the monthly APR. Summarize project readiness across the portfolio. Merge the Cost Drivers Memo into the Annual Program Review to address external pressures. Staff currently assessing ways to summarize content.



2022 Annual Program Review Report

April 2022



**Next: Staff Presentation
Followed by Questions & Answers**