

Memo

April 21, 2023

To:	Sound Transit Board of Directors
From:	Julie Timm, Sound Transit CEO
Subject:	Response to February/March 2023 Technical Advisory Group Recommendations

Introduction

[Realignment Resolution No. R2021-05](#) directed the creation of an ad-hoc Board-appointed Technical Advisory Group (TAG) tasked to develop strategies to accelerate the agency's system expansion program. The TAG completed their task through the submittal of final report with six key recommendations delivered to the Sound Transit Board on Feb. 28, 2023, and presented to the Sound Transit Board Executive Committee on March 2, 2023. This memo provides a response to each of the TAG's recommendations—some of which staff can and will advance directly and others that will require additional input from and partnership with the Sound Transit Board of Directors.

Sound Transit is at an important crossroads to address challenges such as project delays and construction quality concerns. Since the Board's realignment efforts and its formal action in Aug. 2021, staff have been advancing recommendations from several examinations (in addition to the most recent TAG recommendations), including:

- Third-party assessment of Sound Transit led by Triunity, Inc.
 - Task 1: [ST3 Cost Estimates and General Assessments](#)
 - Task 2: [Review and Analysis of Cost Estimating Methodology](#)
 - Task 3: [Review and Recommendations for Management Methodology](#)
- Input from Board Independent Consultant Dave Peters
- Nov. 26, 2021, Link Incident follow-up
- Various reports by the Internal Audit division

The initiatives listed above, along with the overall program realignment, have resulted in a multi-year and ongoing effort to improve agency practices.

While the TAG's recommendations are primarily focused on expediting project delivery—and we fully recognize the sense of urgency to deliver for our passengers and taxpayers—we remain committed to enhancing and prioritizing quality and safety. These values live at the very heart of project delivery.

For example, alongside the various efforts highlighted in this memo, we are already working to improve our internal reporting processes and documentation to elevate quality issues more quickly. By early 2024, we will also strengthen and expand our field inspection practices by hiring personnel to independently assess work. We also recently convened a group of quality experts representing numerous industries, including transit, aviation, and power, to assess the agency's quality culture. We expect initial recommendations from this team within the next three months, in line with our ongoing, agencywide review of this function.

Recommendation 1: Rebuild trust and clarify the roles and responsibilities of the ST Board and staff

Staff response: The first component of this recommendation is crucial, and above all, we look forward to direct Board feedback on how staff can continue to build and retain trust.

We recognize that trust will be essential as staff and Board members work to simultaneously address the second portion of this recommendation, regarding clarifying—and potentially adjusting—the division of responsibilities between Board and staff.

The TAG recommended limiting “the type and number of items that require Board action” to “reduce project delays, free up staff to focus on project delivery, and allow the Board to focus on overall policy direction and oversight.” I do want to acknowledge a natural tension between this recommendation and prioritizing transparency and more reporting in order to build trust. We will need to work together to strike the right balance.

While we engage with you and seek your feedback, I want to highlight current and planned improvements related to transparency, reporting, and role clarity. Some of these we can implement on our own, and others will require additional Board direction. We recognize these approaches represent a change in past practice and may require future iterations to strike the best results, and we remain committed to rebuilding trust through a two-way conversation to achieve the right balance between transparency and efficiency.

Already underway

- Incorporating suggestions made by the Board’s Independent Consultant, Dave Peters, to make reports sent to the Board clear and more readable.
- As a part of implementing realignment and to improve transparency, we now produce the [Project Performance Tracker](#), which provides monthly status updates relative to financial and key development milestones. We continue to plan improvements to this tool, such as incorporating additional metrics related to quality and more clearly illustrating performance trends and anticipated risks. Trend lines for schedule and budget will be added in June, and additional metrics will be added during Q4 of this year with a focus on more proactive measurement of project quality.
- Per the realignment resolution, we prepare a [Board Annual Program Review](#) (BAPR) of our capital program that tracks progress against financial and schedule milestones (both programmatically and for each project). We presented the first BAPR in May 2022, and the second will be issued in May 2023.

To implement now

- Staff will provide more direct and succinct recommendations to the Board on future actions requiring Board decisions. Such recommendations will include an objective evaluation of the reasonably known pros and cons, costs, risks, and other possible tradeoffs associated with each recommendation.
- Board Administration will continue to track requests and commitments made by or to Board members in Board and Committee meetings. Beginning in May 2023, to further ensure timeliness and accountability and in alignment with prior Board feedback to improve access to the CEO’s staff, I also have assigned the following senior executive leaders to assume responsibility for specific Board venues and ownership of requests from Board members in the respective committees:
 - Board meeting: CEO Julie Timm
 - Executive Committee: CEO Julie Timm with support from Deputy CEO, Chief Administrative Officer Mary Cummings
 - Rider Experience and Operations Committee: Acting Deputy CEO, Chief Service Delivery Officer Russ Arnold*
 - System Expansion Committee: Deputy CEO, Chief Expansion Delivery Officer Brooke Belman*
 - Finance and Audit Committee: Chief Financial Officer John Henry

**Chief System Quality Officer Moises Gutierrez will also provide support, focusing on transparency, accountability, and quality in reporting.*

For further discussion with the Board

- Continued use of Board's Independent Consultant, Dave Peters, to independently verify specific workstreams from staff, as appropriate.
- Additional conversations to foster collaboration across subareas and consideration of systemwide matters.
- Collaboration on what types of decisions and actions the Board may want to consider for future delegation to staff so that the Board may focus more attention on program-wide issues. We will continue to highlight and elevate issues that may threaten a project's quality, schedule, and/or budget, and we will bring those to the Board's attention earlier in the discovery process.
- Specific recommendations call for the Board to focus on policy, direction, and oversight from a programmatic perspective and to streamline its involvement in individual project actions. As an example, current processes include staff seeking Board approval for project-level funding when a project transitions between phases, when contract-level funding exceeds \$5M, and when a contract needs modification beyond the original Board approval. These multiple tiers of approval could be an area for exploration to streamline project delivery without compromising transparency and due-diligence controls.
- Develop a process or policy by which Board members' requests for information and support go to Chiefs and Executive Directors for action thereby allowing staff to be more effective and efficient in performance. Timely responses returned to all Board members would increase transparency regarding Board requests.

Recommendation 2: Introduce an experienced megaproject capital program executive team

Staff response: Sound Transit must leverage the expertise of qualified and experienced leadership to deliver the ST2 and ST3 programs through both internal and external talent.

We appreciate the TAG's acknowledgement of the breadth of capital project delivery experience the agency already has, and we agree that as we grow and implement ST3, we will benefit from additional leadership at the megaproject executive level.

Already underway

I have recently directed action in this area, splitting the functions reporting to the former Deputy CEO/Chief System Officer into three positions to bring additional capacity, focus, and intentionality to each of these critical areas:

- Deputy CEO, Chief Expansion Delivery Officer: Brooke Belman has recently been named to this role, with direct oversight over ST's capital program, including the departments responsible for project development, design, and construction (PEPD and DECM).
- Deputy CEO, Chief Service Delivery Officer: Russ Arnold is the acting executive in this role, which oversees Passenger Experience and Operations.
- Chief System Quality Officer: Moises Gutierrez is the executive in this new role, which has been created to enhance the agency's commitment to transparency, accountability, and enterprise-wide system quality independent of the lines of business responsible for program delivery.

These changes will reestablish and proactively manage needed capacity given the size and breadth of Sound Transit's programs and transit operations, and they will increase support for the agency's existing strong internal experience.

To implement now

In addition, Brooke Belman is actively examining ways to further restructure and improve the capital program's staffing and resourcing, including confirming existing capacity and identifying capacity gaps (internally and externally) to deliver the agency's portfolio of projects. We will develop a program-wide approach for complex ST3 megaprojects currently in development, including the West Seattle, Ballard, Everett, and Tacoma Dome Link extensions. This includes the creation of a new executive level position that will report directly to her. The skills and experience of the new position will align with the TAG recommendation, including deep megaproject delivery experience. As a first step in bolstering staff capacity and adding megaproject experience, we expect to post this new position by no later than Q3 2023. We will also use this process to identify other new positions and capacity needs.

In addition to hiring, we are investigating new ways to fully elicit and leverage consultant experience and expertise in program delivery beyond how the agency has employed consultant resources in its recent past. For example, staff have engaged deeply and widely with private industry to seek feedback on the management, final design, and construction of the West Seattle and Ballard Link Extensions, which represent a significant portion of the ST3 portfolio. This outreach has included:

- Staff 1:1 meetings with contractors and consultants from October 2022 to April 2023. These small interviews were preceded by formal outreach workshops in the Fall of 2022 and included approximately 80 firms from the world's largest contractors to numerous local small businesses whose presence we value deeply and will continue to promote. The intent of these conversations was to secure direct feedback on the project's packaging strategy and other management approaches to implement the project as efficiently as possible.
- Interviews and visits with several transit agencies in the United States and abroad to seek input on innovative procurement methods, packaging strategies, and management approaches to better leverage consultant/contractor resources.
- More than 20 interviews with agency staff on current and past projects focusing on packaging and procurement decisions, project management lessons learned, and other process improvements to be a better owner.

For further Board discussion

We have taken this feedback to heart and are actively looking at innovative delivery approaches, inclusive of employing private industry in a program management capacity for the WSBLE. This is in line with the TAG's recommendation to use private sector experience more meaningfully while upholding appropriate oversight and other controls by staff. We will leverage this experience to inform the management approach for other projects in the ST3 portfolio. At the direction of the Board, there could be a potential budget amendment for costs associated with new staff positions.

Recommendation 3: Implement procedures that push decision-making down to the lowest level practical and foster an environment that encourages decision-making in general

Staff response: Staff concur that effective project management involves effective decision-making. Otherwise, as the TAG response noted, time and money can be wasted.

Already underway

We concur with the TAG's recommendation that project leadership should be empowered to make decisions within approved scope, schedule, and budget. When challenges or questions arise that would result in a change to that approved scope, schedule, or budget, or when quality and safety issues emerge, we expect these to be promptly elevated.

Implement now

To implement the recommendation to push decision-making to the *appropriate* level, we must provide greater clarity about when and how decisions made at any level should be elevated to higher levels of authority to make sure these have the correct exposure on project risks and possibly conflicting priorities, particularly to uphold quality and systemwide integrity.

Essential to this process will be fostering trust among staff to make decisions at the appropriate level and knowing when to elevate problems for executive input. The Portfolio Services Office is actively reviewing internal business processes to support clear and timely staff-level decision-making. Once the restructuring and clarifications have happened, we will update internal policies, procedures, and processes to support these changes, including training for staff, by Q1 2024. These enhancements include an overhaul of internal change control functions and procedures, which is in line with the TAG's recommendation.

For future Board discussion

An important part of providing clarity regarding decision-making is knowing what needs Board approval and what is under CEO direction. Staff propose to review the current delegation of authority levels between the Board and CEO. Following this review, updates could be considered by Q1 2024.

Recommendation 4: Align key procedures with industry best practices, eliminate unnecessary steps and associated delays

Staff response: Staff appreciate the TAG's recommendation that ST should endeavor to become an "owner of choice." It will be impossible to deliver the remaining ST2 projects and the ST3 program without the business and consultant industry, and agency staff want those relationships to be as strong as possible. As part of our implementation approach described below and with input from the private sector, we will seek to first define what "owner of choice" means. This shared meaning will then allow us to communicate performance against a more explicit baseline.

Already underway

Through ongoing partnerships with American Council of Engineering Companies (ACEC) and Associated General Contractors of America (AGC), we have established workplans to improve and streamline invoice processing, change order management, and project closeout, as well as defining a standardized way to input and review project data, among other topics.

To implement now

That said, we recognize that we have more work to do. In this respect, I have directed Chief System Quality Officer Moises Gutierrez to assign a single point of accountability in the Portfolio Services Office to move these workplans forward in a cohesive and definitive fashion by Q4 2023.

In addition, staff will establish a forum for the consultant industry to meet directly with the CEO as part of the review of our overall committee structures with ACEC and AGC, respectively.

For further Board discussion

Staff also commit to a thorough review of practices and procedures to ensure they are as efficient as possible when it comes to procurement and contracting. We will provide an update to the Board by December 2023. This will require

close partnership with consultants and contractors in the industry to ensure that we remain nimble and attract maximum participation and competition from firms and businesses of all sizes.

Recommendation 5: Strengthen and enforce an agency betterment policy

Staff response: The TAG report accurately speaks of the complexity associated with steering through permitting requirements from the more than 50 jurisdictions in ST’s service area.

Already underway

While the infrastructure ST plans, designs, and builds represents “essential public facilities” under Washington’s Growth Management Act, the agency does not have permitting authority. This means staff must build positive partnerships with Authorities Having Jurisdiction—which regularly seek betterments as a condition of permitting a project—to complete this work.

Implement now

In Dec. 2017, after the passage of ST3, the agency completed the [System Expansion Implementation Plan](#). The SEIP “develops Sound Transit’s approach to delivering the expanded system of projects as well as needed reforms based on lessons learned from delivering major capital infrastructure to date.” From the start of the project planning process, the SEIP focuses on engaging AHJs to identify and work through conflicts to streamline planning, design, and construction. In this vein, the WSBL project and City of Seattle staff have convened working committees to devise a streamlined permitting process.

In light of the evolving landscape since the 2017 SEIP, and to reflect on the recommendations within the TAG report, staff will review and update the SEIP by Q1 2024, with a focus on limiting betterments within the appropriate bounds and particularly during the permitting process.

This update will focus on clear expectations regarding timely identification of issues, an escalation path to resolve disputes, and direct practices to face the challenges inherent in seeking permits across many jurisdictions—including how and when to report to the Board on permitting challenges or request Board assistance.

For further Board discussion

The TAG report encourages the Board to set financial limits on betterments and that any betterment which exceeds Sound Transit’s standards should be wholly or largely the responsibility of the AHJ. Staff suggest a dialogue with the Board on what constitutes a betterment under current policies (including Resolution No. R2009-24 Scope Control Policy; M2002-22 Policy on Reimbursement to Sound Transit by Partner Agencies for Out of Scope Work; R2018-40 Procurement, Agreements and Delegated Authority Policy; and R2022-27 Amending the Board’s Procurement, Agreements and Delegated Authority Policy) and how best to enforce them. This discussion may also include whether Sound Transit should seek its own permitting authority from the State Legislature.

Recommendation 6: Engage the FTA as a delivery partner equally invested in delivering transit to the region

Staff response: We value Sound Transit’s multifaceted partnership with the Federal Transit Administration (FTA), locally and at headquarters level. The two agencies partner on every front: from the processes related to our commitment to safety during construction and operations, to environmental protection and upholding NEPA, to the intensive public engagement that comes with being equitable stewards of public tax dollars, and to securing Capital Investment Grant agreements and the oversight that comes with federal funding and financing.

Already underway

With the nation's largest transit expansion underway here in the Puget Sound, Sound Transit and the FTA have both faced tremendous workloads that challenge staff to work as efficiently as possible. We're very pleased with the growth of the FTA Region 10 staff in recent years and the collaborative efforts to make our partnership work more efficient.

To implement now

As we enter into even larger program growth and resources needs in the coming years, we are exploring opportunities for single points of contact and "relationship-owners" between Sound Transit and FTA subject-matter experts to better manage and daylight workload and schedule constraints that have caused prior delays.

For further Board discussion

We will continue to leverage ongoing positive partnering efforts with the Acting FTA Region 10 Administrator as we consider potential solutions to improve processing times and to update the Board regarding our progress.

Next steps

We look forward to further dialogue with Board members on how Sound Transit staff can continue to improve trust and transparency and advance other TAG recommendations. Furthermore, we welcome feedback from the Board on potential actions it may wish to pursue, including new ideas that develop through this iterative process.

In the near term, inclusive of some suggested timeframes, some areas for potential Board action could include:

- Discussion around continuing the involvement of the Board's independent consultants (Dave Peters and/or TAG) for further consultation in distinct areas related to this document. (Spring 2023)
- Developing policy or practices to manage Board requests for information from staff. (Summer 2023)
- Reviewing and updating current delegation of authority level(s) between the Board and CEO. (Fall 2023)
- Streamlining the nature and number of actions that currently come to the Board for approval, including real property acquisition items. (Fall 2023)
- Reviewing internal Board procedures, proceedings, and other spaces to enhance collaboration across subareas, as well as the discussion of programmatic issues. (Winter 2023)
- Reviewing the agency's betterment policies and/or permitting authority. (Q1 2024)
- Approving additional budget for megaproject personnel (beyond the actions staff are already taking as described in this memo).