

Updates to Board Delegated Authority Policy

Finance and Audit Committee

9/8/23

Why we are here

- Initiate discussion for Board options on changes to levels of delegated authority between Board and CEO as recommended by the TAG focused on financial thresholds
- Present other possible options for future Board consideration
- **Executive Committee referred to Finance & Audit Committee**
- Request direction to support next steps

Motion No. M2023-36

Take steps to clarify the roles and responsibilities of the Sound Transit Board and staff, in order to build trust, transparency, and efficiencies to deliver the program

- Update the Board Procurement, Agreements and Delegated Authority Policy, Resolution No. R2018-40, including:
 - **Reviewing and updating current delegation** of authority level(s) between the Board and CEO (Q3 2023)
 - **Streamlining the nature and number of actions** that currently come to the Board for approval (Q3 2023)

Committee contract approval subject matter

(Board Resolution No. 2018-41)

Rider Experience & Operations

General Rule:

Purchases supporting the operation or maintenance of existing systems, assets, or business functions. Includes existing system “enhancement” and upgrades, state of good repair, agency support services and operations among others.

Examples:

- Maintenance and enhancement projects (non system wide)
- Non-Revenue vehicles
- Operations & maintenance facilities
- Security Systems
- Revenue vehicle expansion, replacement and overhauls
- Station, bridge, track repairs
- Radio and communication systems

System Expansion

General Rule:

Purchases that support the expansion or growth of ST’s transit service footprint, modes, or stations. These include link projects, sounder projects, regional express projects, bus rapid transit projects among others.

Examples:

- New link extensions
- Station access improvements
- Maintenance bases
- Systems that support transit
- Revenue fleet expansion
- New stations and bases

Executive

General Rule:

Purchases supporting system wide programs, such as innovation, sustainability, Transit Oriented Development (TOD), and surplus property among others. A list of these are published annually.

Examples:

- Research and planning
- Artwork (Start)
- TOD Program
- Innovation and System Wide Technology

Committee contract approval subject matter

Finance & Audit Committee

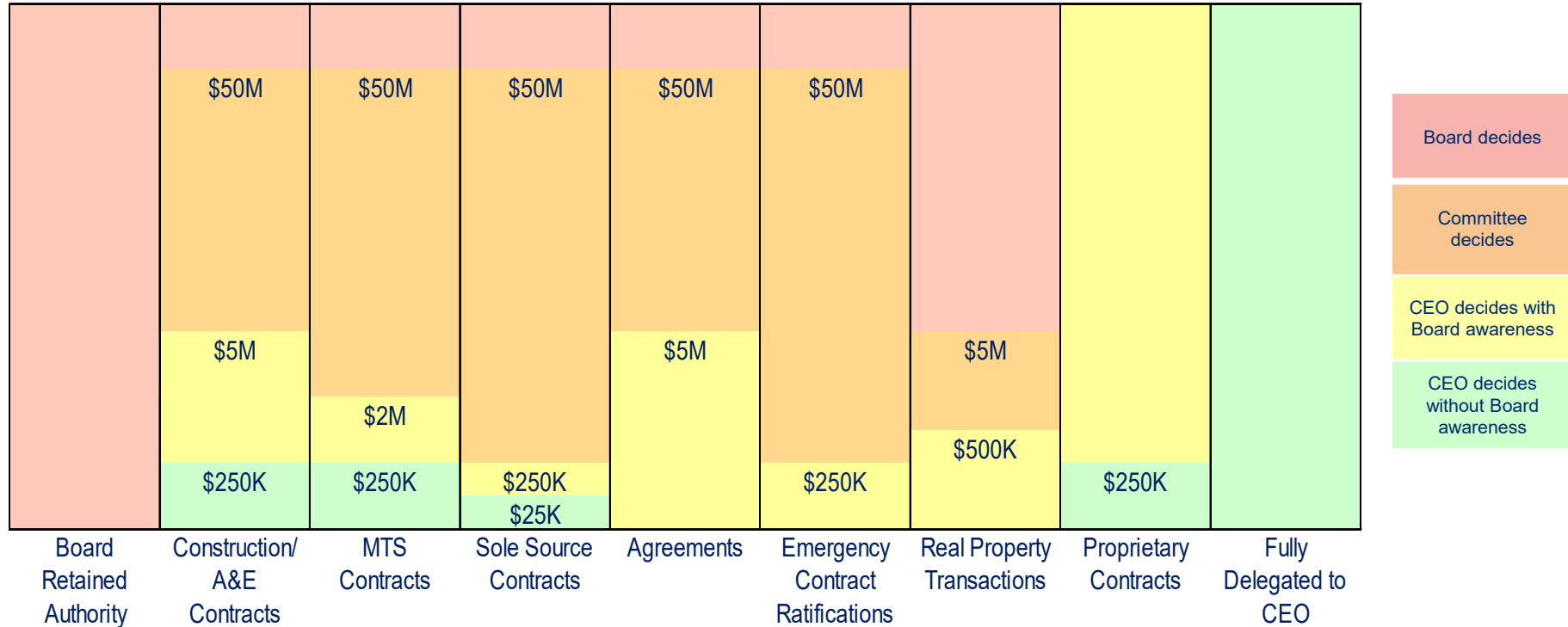
- No delegated responsibility for transaction approvals

Board

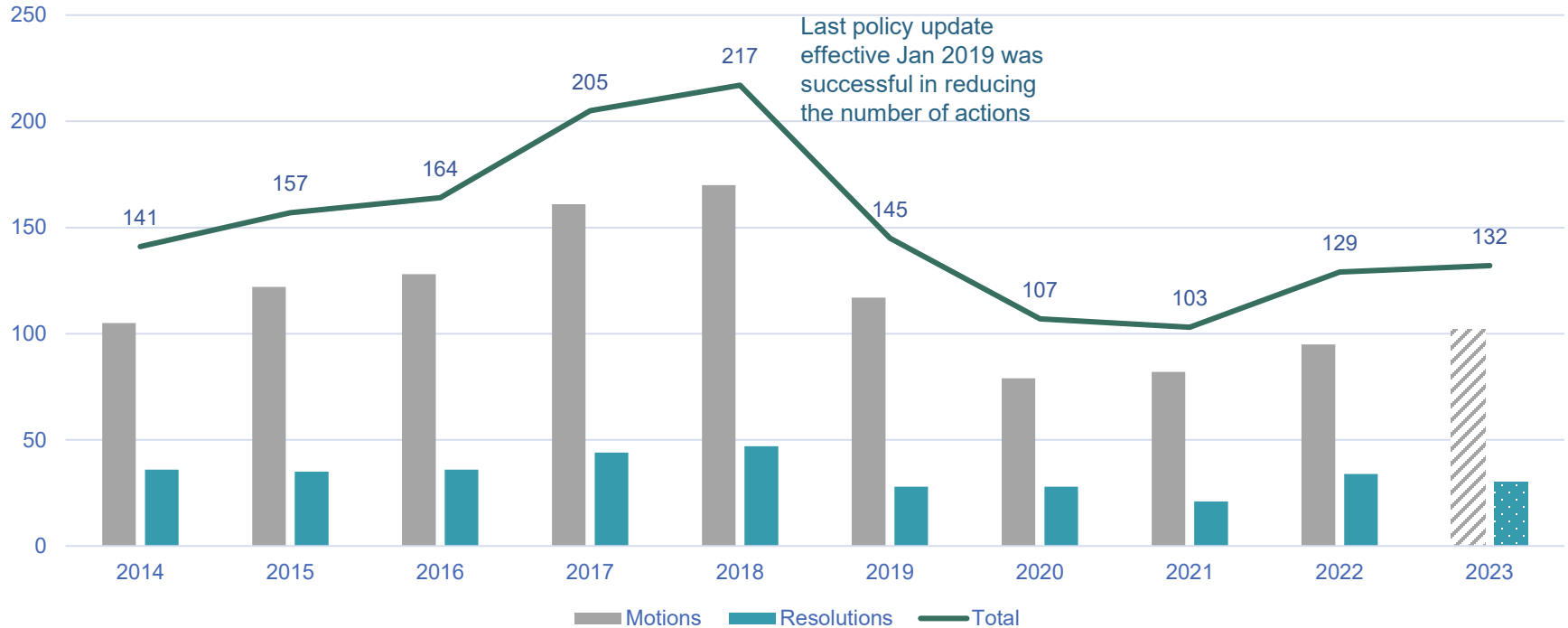
- Approval of transactions greater than \$50M upon committee recommendation, or exceptionally at any dollar value in place of committee action

Decision-making and reporting levels

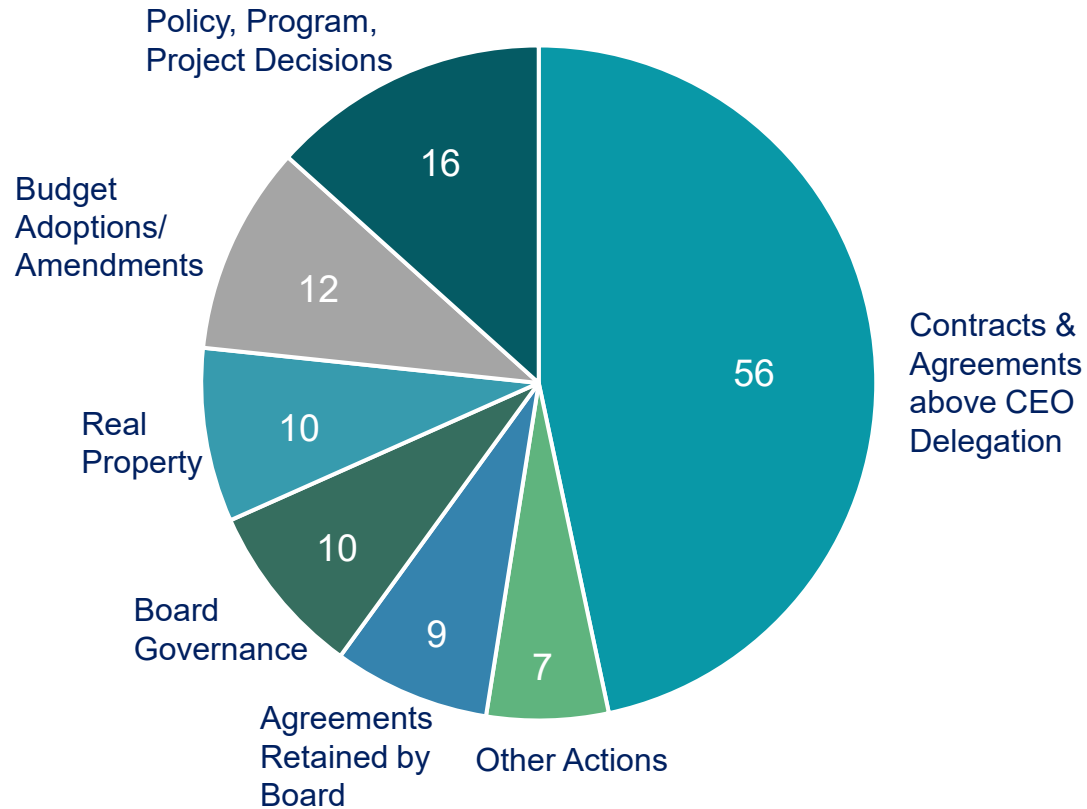
Current State



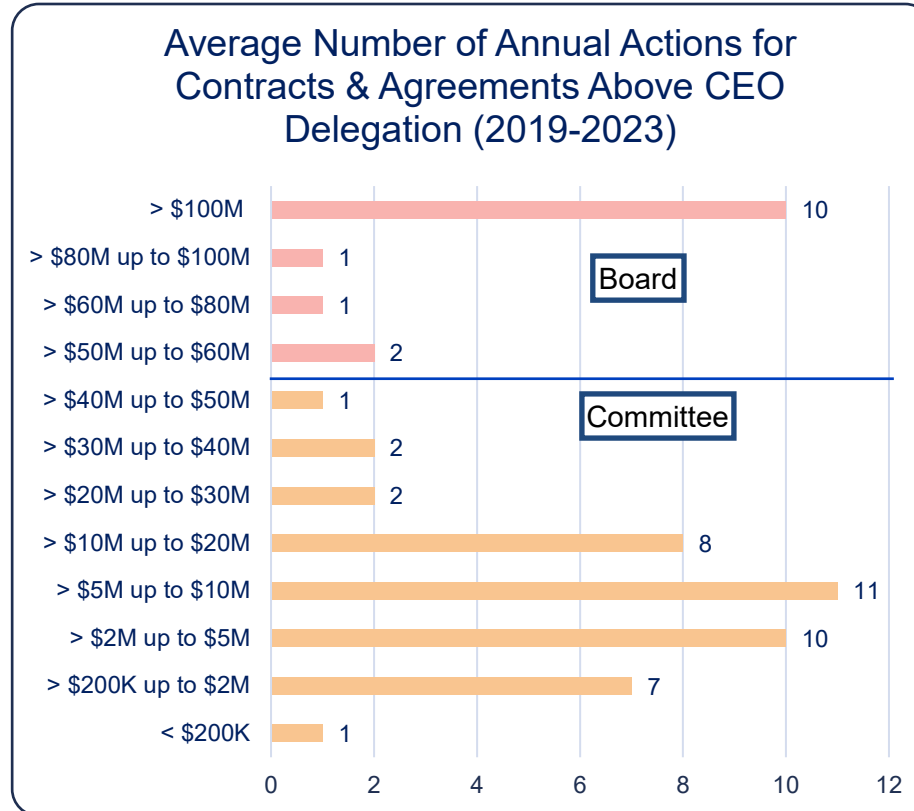
Number of annual actions (2014-2023)



Average number of annual actions (2019-2023)

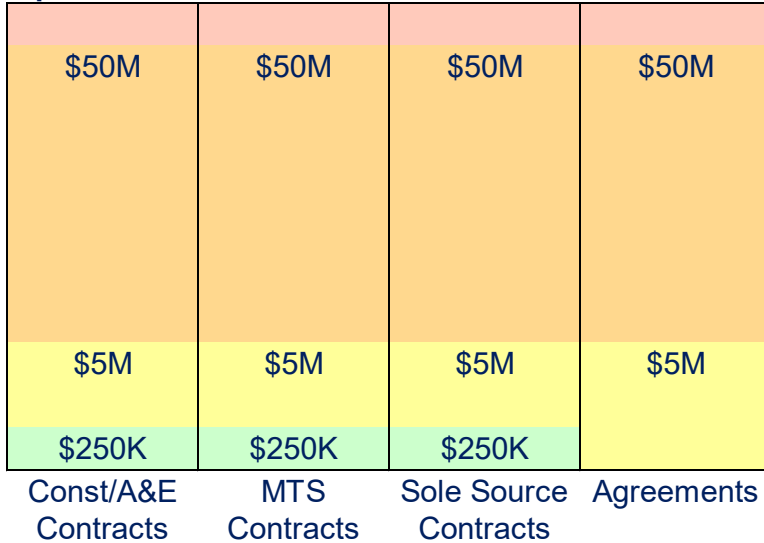


Nature of actions

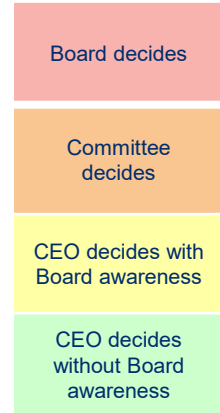
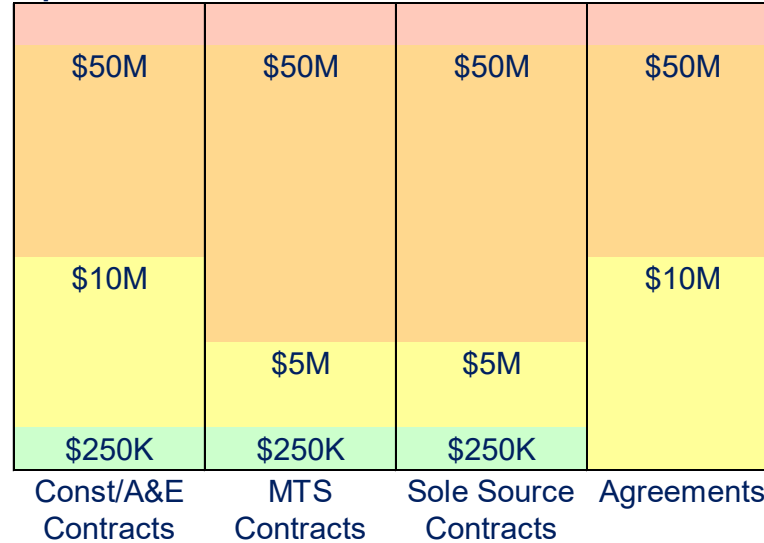


Range of possible CEO delegation options

Option A

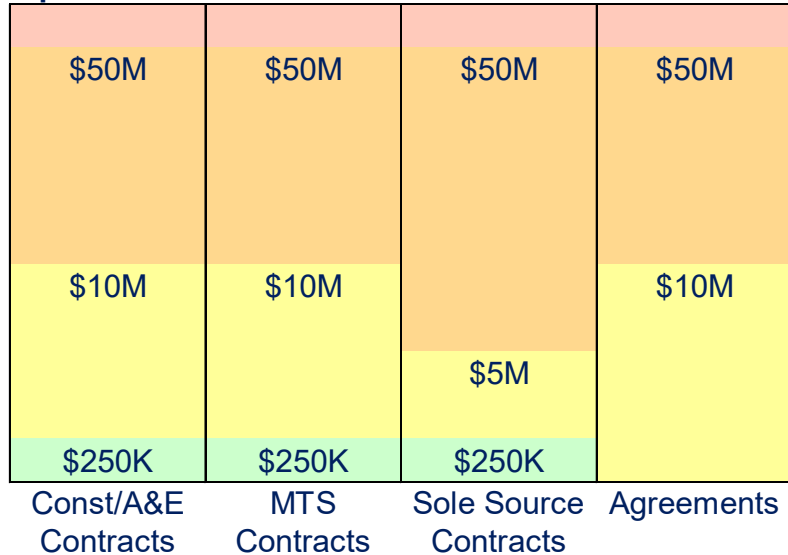


Option B

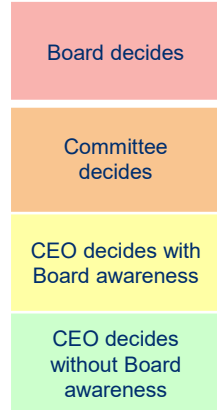
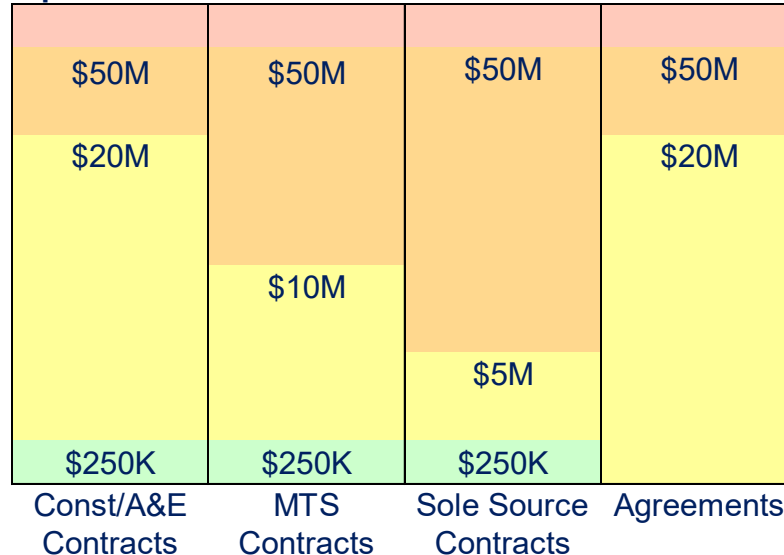


Range of possible CEO delegation options

Option C



Option D



Representative reduction in number of Committee actions annually

	Option A	Option B	Option C	Option D
CEO delegated authority	\$5M A&E/construction \$5M MTS	\$10M A&E/construction \$5M MTS	\$10M A&E/construction \$10M MTS	\$20M A&E/construction \$10M MTS
Reduction in committee approvals	SEC: 0% REO: 18% 6 actions	SEC: 9% REO: 18% 11 actions	SEC: 9% REO: 35% 17 actions	SEC: 18% REO: 35% 23 actions
Full Board approvals	No change	No change	No change	No change

Representative total actions from 2019-2023

Materials, Technology & Services

29 Actions Between \$2M and \$5M

- Typically includes full spectrum of the types of goods and services procured by MTS including facilities maintenance, consulting services, safety & security, Information technology hardware/software, etc.
- Examples: Agency wide janitorial services (\$4.6M); Security guard services (\$4M); On-call sustainability consulting services (\$3.4M)

24 Actions Between \$5M and \$10M

- Typically includes full spectrum of the types of goods and services procured by MTS including facilities maintenance, consulting services, safety & security, Information technology hardware/software, etc.
- Examples: CISCO telephone equipment, software & maintenance (\$8.5M); SharePoint 365 migration consulting services (\$5.8M); Station agent program services (\$7.6M)

Representative total actions from 2019-2023

Architecture & Engineering and Construction

10 Actions Between \$5M and \$10M

- Typically includes conceptual engineering and environmental review services, facility renovations, on-call engineering consultant services, design build project management services, construction
- Examples: OMF renovation project construction services (\$5.1M); On-call general engineering consultant services for DSTT capital improvements project (\$10M); East Link Extension construction of the Mercer Island Transit Integration Project (\$7M)

27 Actions Between \$10M and \$20M

- Typically includes Job Order Contracting construction contracts, design engineering & consulting services, design build project management services, preliminary engineering services, alternatives development services.
- Examples: On-call general engineering consultant services (\$15M); Preliminary engineering services for Bus Rapid Transit (\$14.9M); Job Order Contracting construction work (\$12M)

Option: Increase of delegated authority to CEO

- The data shows that increasing the CEO's delegation to at least \$10M for contracts and agreements is one possible option to achieve the Board's goals of streamlining the number of actions.
- No consideration was given at this time to changing the \$50M Authority between the Board and Committees.

Other updates for Board consideration

- Sole source contracts: Increase CEO reporting requirement to Board committees from \$25K to \$250K/federal threshold
- Emergencies: Increase the threshold for Board ratification of contracts from \$250K/federal threshold to \$5M
- Betterments: Increase delegation to the CEO from \$500K to \$5M
- Construction contracts: Establish a minimum of \$1M to the requirement for Board approval of contracts exceeding 20% over the cost estimate
- Real property agreements: Increase CEO authority from \$500K to \$1M
- Preliminary project planning: Increase delegation to the CEO from \$500K to \$2M

More options for possible Board consideration

- Shift authority for some contract types between committees to reduce the total work-load on any single committee
- Increase frequency of Committee and Board meetings to spread out work-load within any single and provide time for policy considerations and staff reports
- Review prior actions for Contracts and Agreements to investigate possible options for delegation of authority for actions with no or limited policy or financial implications

Discussion and Next Steps



 [soundtransit.org](https://www.soundtransit.org)

