

December 18, 2024

To:	Sound Transit Board
From:	Terri Mestas, DCEO Capital Delivery
Subject:	Betterments Policy Implementation Update

Purpose

This memo provides an update on implementation of the recently adopted System Expansion Project Scope and Betterments Policy (Resolution No. R2024-11).

Policy implementation summary

Since the Board adopted the policy, Sound Transit staff have begun to inventory opportunities to embed the policy within our project development processes and initiated tracking tools to monitor betterments related datapoints and our progress. An overview of these efforts is included below.

Additional work will happen in early 2025 to further integrate the intent of the policy internally within the agency's practices and policies. As part of efforts early next year and to support successful implementation, Sound Transit will develop an engagement strategy for our partners, particularly authorities having jurisdiction (AHJs).

Implementing this transformative Board policy is underway and more updates will be available next year.

Betterments Categories and Tracking

There are several key drivers of betterments in our system expansion projects, including:

- Local city-requested enhancements and improvements.
- Owner-driven betterments.
- Authority Having Jurisdiction (AHJ) permit requirements.
- Code interpretation variations/differences across projects.

Sound Transit has outlined betterment metrics that will track the impact, driver, and timing of betterments for all projects moving forward. These metrics will be captured on a dashboard within the new Project Management Information System (PMIS) and tracked as part of project performance. It is also important to understand the impact of betterments from ST2, this creates a baseline for measuring betterment activity in ST3. Historical data on betterments is currently limited to Board-approved instances from ST2. To gain a deeper understanding of the impacts of betterments, we are gathering data from recently completed projects that have transitioned from construction into revenue service.

The adoption of the Board policy on betterments provides clear guidance and distinction between betterments and project scope elements. Using this information, we will identify betterments from past projects that were not adopted by the Board.

Starting in 2025, the implementation of a comprehensive tracking system through the new PMIS will enable:

- Systematic categorization of betterments.
- Seamless integration with existing project controls.
- Staff training programs to ensure consistent application.
- Enhanced executive oversight through an updated organizational structure.

Agreement Review and Standardization

To further the assessment of key betterment drivers and tracking of additional data points, an effort is underway to assess the opportunity to standardize agreements and code interpretation.

Current status:

- Conducting comprehensive review of existing AHJ betterment agreements.
- Identifying gaps in coverage and compliance.
- Evaluating consistency across jurisdictions.

2025 initiatives and opportunities include:

- Standardizing betterment agreement templates.
- Updating betterment agreements reflecting new betterments requirements.
- Adopting a consistent approach across all jurisdictions.
- Introducing a “design or scope freeze” strategy that freezes AHJ requirements, design specifications, and betterments requests during design.
- Introducing a “service life credit” concept, requiring depreciation-based cost sharing agreements for infrastructure replacement when the infrastructure exceeds the midpoint of its useful life.

Enhanced Early Engagement Strategy

In addition to tracking data going forward and assessing standardization of agreements, we are implementing structured early engagement processes with a focus on engaging and partnering with AHJs. This expanded early engagement approach will allow us to identify and address betterment disputes in a more timely and transparent matter. Key elements of early AHJ engagement includes:

- Scheduled recurring design review meetings.
- Informal over-the-shoulder reviews.
- Explore joint project offices with AHJ staff.
- Early staffing needs assessment.
- Documented code interpretation alignments.

Memo

This expanded approach, as it pertains to betterments, will help us:

- Identify potential betterments and potential disputes earlier.
- Streamline escalation and resolution processes.
- Improve how we coordinate with partners.
- Reduce project schedule impacts for betterment challenges and disputes.

Next Steps

Near-Term Actions (Q1 2025)

- Establish Key Performance Indicators for:
 - Financial impacts.
 - Schedule effects.
 - Resolution timelines.
- Develop formal escalation process including:
 - Clear decision pathways.
 - Timeline requirements.
 - Board engagement criteria.
- Incorporate betterment strategies as appropriate into the Workplan opportunities register to capture project and programmatic benefits, such as:
 - Standardized AHJ agreements.
 - Early engagement strategy.
 - Scope freeze during design.
 - Depreciation-based service life credit.
- Develop a strategy to engage AHJs on betterments.

Ongoing Development Underway

- Document and share lessons learned.
- Develop training programs for internal staff and external partners.
- Research peer agency betterment management practices.

Recommendation

Per the Board policy, the Capital Delivery Department will implement periodic and more in-depth updates to the Board through 2025 as we implement these changes and gather meaningful metrics on their effectiveness. We plan to initiate these reports at the Executive Committee in April 2025.

Requested Action

Information only. No action required.