

Enterprise Risk Management Update to Community Oversight Panel

March 11, 2026



Why we are here

Fostering a risk-aware culture and empowering agency leaders to make risk-informed decisions

- ✓ Align on ERM fundamentals
- ✓ Review ERM implementation within Sound Transit
- ✓ Provide an update on ERM progress since the August 2025 COP meeting
- ✓ Present current risk environment themes
- ✓ Review ERM maturity status and next-phase milestones

ERM Fundamentals

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What is ERM?

Enterprise Risk Management is a structured approach to identifying, assessing, and managing risks that could impact the agency's strategic objectives.

Enterprise Risk vs. Functional Risk

- Enterprise Risk: Agency-wide risks that affect strategic objectives
- Functional Risk: Department-level risks that affect specific operational goals

Risk vs. Issue

- Risk: A potential future event that could impact objectives
- Issue: An event that has already occurred and requires response

Probability & Impact across key dimensions:

- | | |
|------------------------|---------------------------|
| ✓ Safety | ✓ People & Org. Health |
| ✓ Financial | ✓ Environmental |
| ✓ Passenger Experience | ✓ Operational Reliability |
| ✓ Compliance | ✓ Reputational |

Response Strategy

Mitigation/Treatment: Planned strategies and actions to lower the likelihood and/or consequences of a risk

ERM Fundamentals

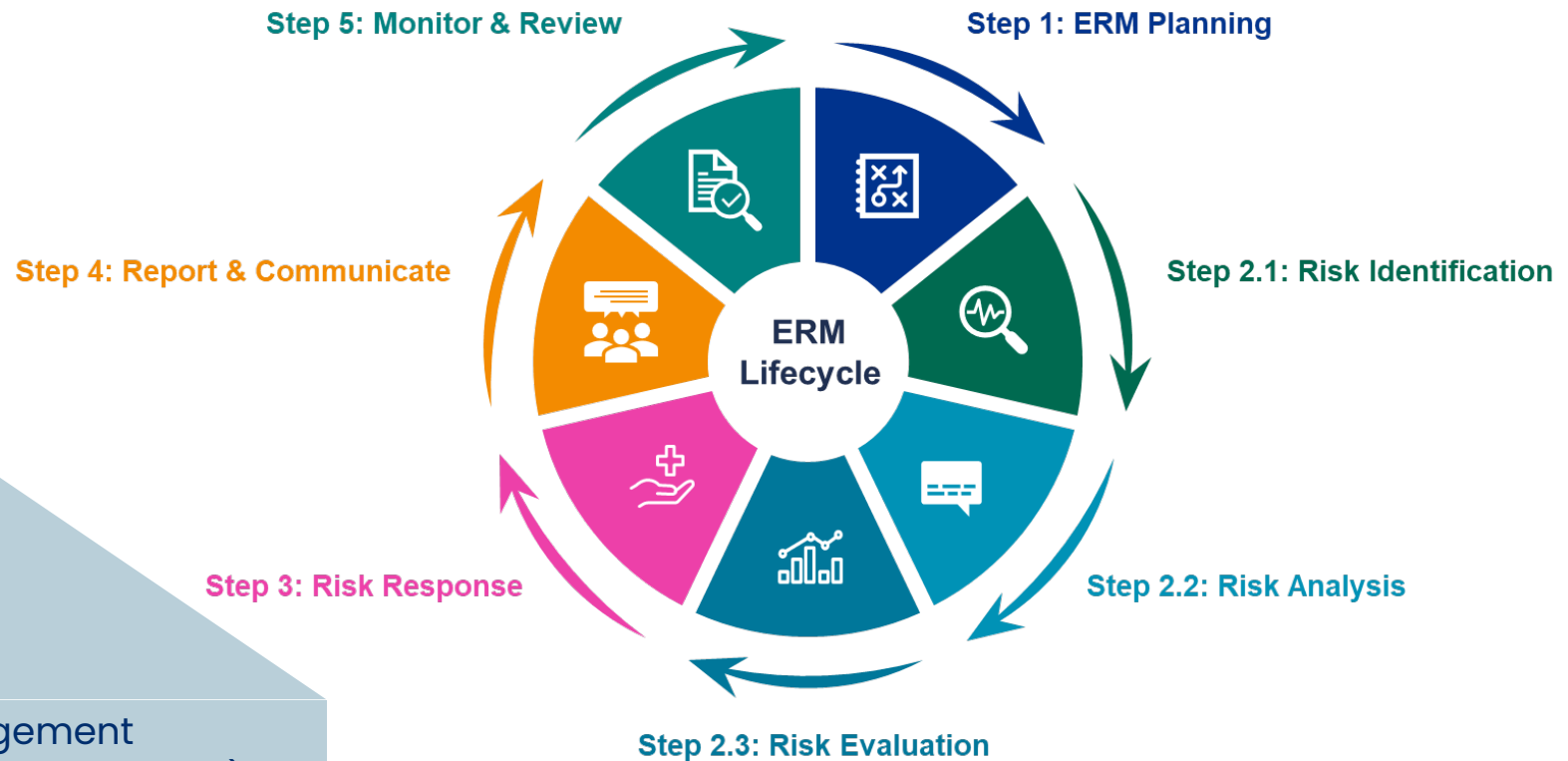
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What ERM Does

- ✓ Aggregates risks across the organization
- ✓ Distills complex information into executive insight
- ✓ Ranks & elevates the most critical enterprise-level risks
- ✓ Clarifies ownership and accountability
- ✓ Connects risk to response strategy

How ERM Adds Organizational Value

- ✓ Aligns long-term priorities with risk mitigation strategies
- ✓ Improves decision quality under uncertainty
- ✓ Supports proactive rather than reactive management
- ✓ Enables a holistic & transparent view of risks (removes silos)
- ✓ Highlights & coordinates cross-functional dependencies



ERM at Sound Transit

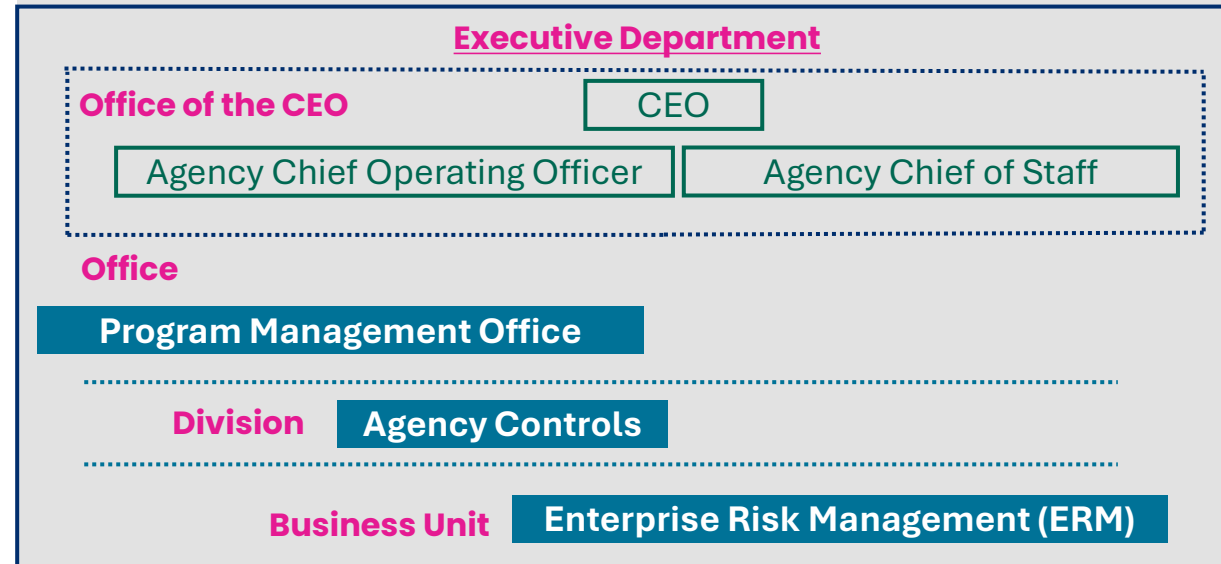
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Mission, Vision, Purpose

- ✓ **Oversight:** Oversee Sound Transit's commitment to collaborative risk management
- ✓ **Integration and Consistency:** Align and embed leading practice-based ERM strategies to existing organizational risk management processes
- ✓ **Continuous Improvement:** Evolve ERM framework to support risk management across all organizational processes and systems

ERM Organizational Structure

- Established following Project MOST Q4 2025
- Moved to Executive Department Q1 2026



Governance

- Sound Transit Enterprise Risk Management System Plan (under development)

ERM Status Update (since Aug. 2025)

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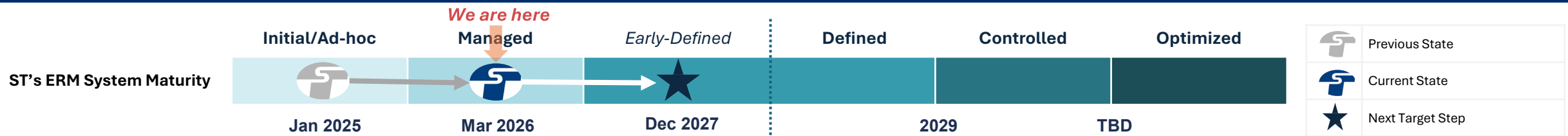
- ✓ Advanced the **ERM Framework and System Plan** to strengthen agency-wide risk governance
- ✓ Implemented an **integrated risk register** that aligns enterprise and functional risks under a consistent assessment approach
- ✓ Developed an **ERM dashboard** to enhance internal risk reporting capabilities and provide leadership with timely and reliable visibility into key risks
- ✓ Established regular communication with partners across the agency:
 - Review sessions with Risk Owners or Action Plan Response Owners for enterprise risks
 - Working sessions to identify and assess risks, assign risk owners, and develop response strategies that promote functional risk management accountability

Current Risk Environment Themes

Risk Theme	Lead Respondent	Status
Long-term financial stability for voter-approved expansion and operations plans	Finance & Business Administration	Cross-functional efforts to mitigate associated risks are underway via the Enterprise Initiative
Asset Management resiliency and supporting systems/processes	Transit Operations	The Resiliency Assessment and Asset Management Plan have focused efforts to research and address AM risks
System expansion schedule and impending/recent project openings	Executive Department, Program Management Office	System expansion risks are generally reducing in severity and probability due to successful opening of FWLE and imminent Crosslake opening
Increased role and responsibility ambiguity post re-org and workforce skill/training needs	People & Culture	Post-MOST transitions identified opportunities to clarify roles. Organizational and governance initiatives are progressing to enhance role clarity, communication, and accountability
Third-party dependence and coordination to deliver service and maintain complex operations	CEO Office	Better mechanisms for partner communication and accountability are needed to reduce the severity and probability of third-party risks
Rising Safety and Security response requirements to meet increased ridership demands and serve high-profile events	Transit Operations	Work to cross-functionally coordinate emergency resources has been effective, with additional improvements planned for 2026 including Project Readiness Integration for Major Events (PRIME) and new Incident Response Process

ERM Maturity Phases

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- 1. Initial/Ad-hoc:** Risk management is siloed, inconsistent, and not integrated across the organization.
- 2. Managed:** Risk management begins to be implemented systematically within functions.
- 3. Defined:** Risk management is standardized and consistently practiced across the organization, aligned with ISO 31000 principles.
- 4. Controlled:** Risk management is integrated into governance and decision-making processes and applied consistently enterprise-wide.
- 5. Optimized:** Risk management is fully embedded in strategy and culture, continuously improved, and proactively informs organizational performance.

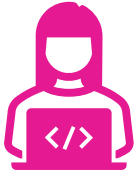
Next Steps

Fostering a risk-aware culture and empowering agency leaders to make risk-informed decisions



Q2 2026

- ✓ Finalize and publish ERM System Plan including the implementation roadmap with defined milestones
- ✓ Incorporate risk into the launch of Agency Performance Reviews



Q3 2026

- ✓ Establish ERM technology requirements to support data integration and reporting
- ✓ Establish consistent, regular ERM reporting to Community Oversight Panel



Q4 2026

- ✓ Develop and roll out ERM training materials
- ✓ Implement Key Risk Indicators and trend-based reporting
- ✓ Continue research and partnership with other agencies

Thank you.



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