Enterprise Implementation: Adaptive Management Plan and Project Delivery Framework

Executive Committee

11/5/2026

SoundTransit

Why we are here

Responding to Board direction via Resolution No. R2026-11

- Share key features of the Adaptive Management Plan and Project Delivery Framework
- Receive feedback and guidance on our approach and expectation for deployment and iteration throughout 2027
- Provide a status update on the Enterprise workplan and upcoming Board engagement

Information only, no action required

Enterprise implementation

Key desired outcomes from Resolution No. R2026-11

- **Help to avoid or minimize future program affordability challenges** through adaptive, transparent management and independent oversight
- **Establish clear criteria, conditions, and process** to advance projects that aren't fully funded into the affordable System Plan
- **Ensure all projects progress quickly and within budget** with a common approach to address project-specific cost and delivery challenges
- **Implement the Enterprise workplan** to continue saving costs, speeding project delivery, and increasing agency financial capacity

Adaptive management plan & project delivery framework

	Adaptive management plan	Project delivery framework
What is it?	Assesses agency financial health and supports ability to adapt to changing and emerging conditions	Defines approach to manage delivery of and transparency for system expansion projects
What is included?	• Strengthened Finance Plan process, standards, and metrics • Establishment of an independent oversight program • Risk framework & escalation thresholds • Regular reporting	• Lifecycle framework and application to light rail extension projects • Potential changes to budget and delegation of authority policies • Risk framework & escalation thresholds • Regular reporting

To be coordinated between efforts

Financial governance standards

Making our Finance Plan more robust

- Finance Plan assumptions and forecasts have internal governance and **third-party validation**
- Twice a year updates to the Finance Plan **increase transparency into agency financial health**
- **Establish escalation thresholds and affordability metrics** to share and review with the Board
- How the Finance Plan **will adapt to changing circumstances and emerging issues**



R2026-11 language: "adopt structured, transparent standards for when and how financial rebalancing occurs, subject to the limitations in the ST3 Ballot Measure"

Affordability metrics

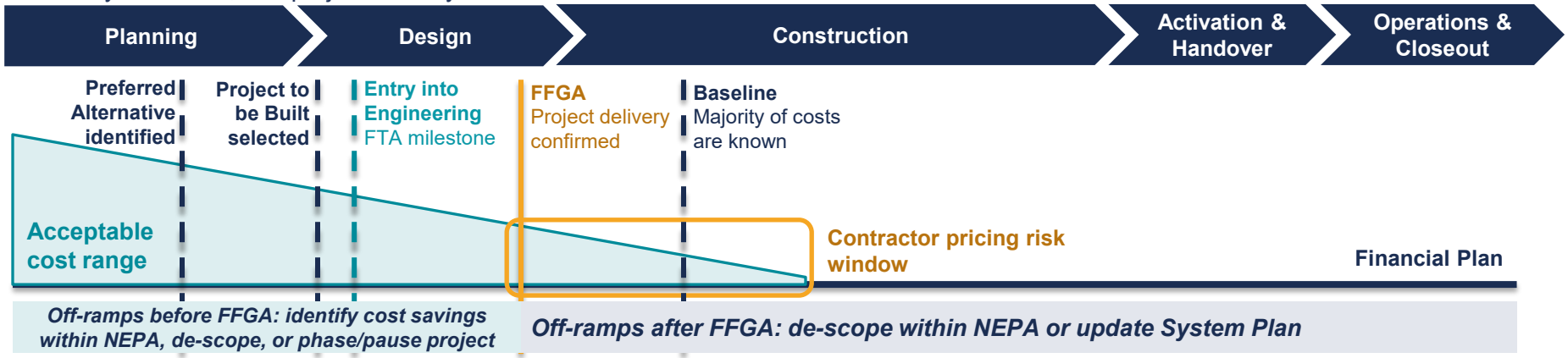
- Report on affordability metrics twice a year at regular Finance Plan updates
- Risk categories assess how likely the agency is to drop out of compliance with relevant affordability metric
- Risk boundaries may be updated as policies (e.g., debt service coverage ratio), parameters, or outstanding risks change
- New risk assessment indicator to be developed in early 2027

	Definition	Low Risk	Medium Risk	High risk	Unaffordable	Fall 2026 LRFP	
Remaining available legal debt capacity	Ability to issue debt	>20%	10-20%	<10%	<=0%	**15.0%**	–
Net debt service coverage	Ability to pay back debt	>1.8x	1.8x-1.65x	1.65-1.5x	<1.5x	**1.74x**	–

R2026-11 language: "develop a set of early-warning financial distress indicators … that could signal potential need for program or budget realignment"

Integrated project delivery framework

Simplified lifecycle for a light rail extension project pursuing an FTA Full Funding Grant Agreement (FFGA) to illustrate how cost certainty increases, and project delivery is confirmed



Cost estimates

Cost certainty increases as a project advances. Estimates within range are normal. The range above the Finance Plan narrows each phase; an updated estimate above the threshold is reported to the Board.

Off-ramps at key milestones

Off-ramps are moments during project delivery where the Board can address cost and other challenges through scope, schedule, phasing, or implementation changes.

Contractor pricing window

It is normal that actual bids will be above or below the Finance Plan estimate. Prior to Baseline, all costs must align to the amount carried in the Finance Plan, or contracts must be rebid or cost savings must be identified.

Establish budget & schedule

Confirm budget and schedule once a majority of project costs are known or committed: once major construction packages are awarded and/or ROW acquired

R2026-11 language: "develop a project delivery framework … to ensure that each project remains affordable and that the Board retains clear visibility and decision-making authority"

System Plan adjustments (on-ramps)

- **Our focus remains on bringing Ballard/Market Street, Boeing Access Road, and Sounder/DuPont back into the affordable System Plan**
- **Each project is continuing to advance in project development**
- **More work will occur to identify on-ramp milestones in each project delivery lifecycle**

Project criteria

- A project must have an updated cost estimate, schedule, and system impacts to advance
- Consideration related to whether a project requires additional funding to progress toward delivery (e.g., design, ROW, construction)
- Potential milestones for on-ramping projects will be identified as part of the project delivery framework

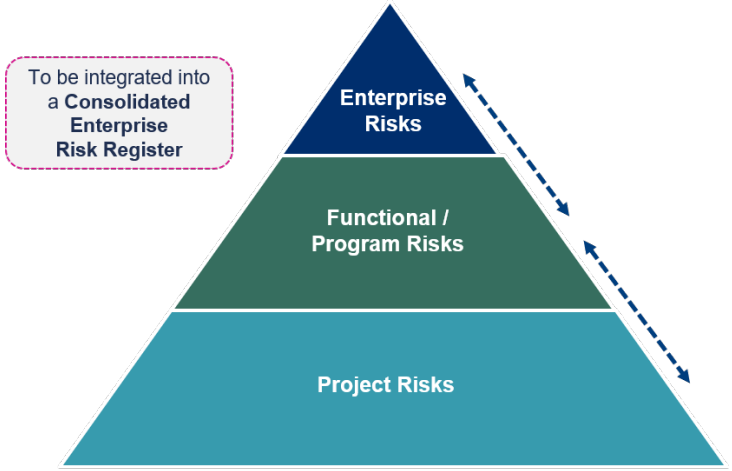
Financial conditions

- Affordability metrics at “medium risk” to add unfunded phases with no effect on subarea equity policy
- The project must have a path to secure assumed grant funding (if applicable)
- Clear understanding of implications for committing financial capacity on other projects with unfunded phases

R2026-11 language: “define the conditions and criteria under which projects … that are partially funded or lack an affordable construction phase may be advanced”

Risk framework and escalation model

- Provides **a consistent approach to identify, assess, communicate, and respond to** risk across the agency
- **Three interconnected levels of risk management**, with escalation based on the potential impact and level of action needed to manage the risk
- Critical components of the framework include a **risk hierarchy, escalation considerations, and escalation thresholds**



Risks may escalate or de-escalate between hierarchy levels

R2026-11 language: the adaptive management plan will include "a formal agency-wide risk register at the project and program level"

Escalation thresholds to the Board

Tiered approach for potential impacts to program affordability

1

Regular reporting

Indicator, trend, or risk is being actively managed and reported on

2

Board awareness

Staff will proactively alert the Board about a change and how the situation is being managed/mitigated.

3

Board engagement

Board feedback and/or decision-making is required to address issues

4

System Plan updates

Potential for System Plan updates to address program affordability

- Escalation must be timely to be effective
- Moments for escalation: through regular reporting (e.g., Finance Plan updates), discrete Board actions, and as needed based on emerging issues

R2026-11 language: the adaptive management plan will include "definitions for the conditions under which emerging risks must be escalated to the Board"

Independent oversight program

Initial approach developed in coordination with Board leadership for consideration and discussion

Third-party review

- Independent oversight and validation of program affordability indicators
- Ensure proactive and adaptive management of agency affordability and delivery of ST3 program.
- Provides Board members with confidence in agency capacity

Independent Board advisors

- Increase capacity for Board oversight and engagement
- Support interpreting information and emerging risks, and when targeted independent reviews are warranted
- Provide independent assurance on core agency functions

R2026-11 language: "Work with the Board to establish an independent oversight program to provide technical support expertise to the Board"

Enterprise implementation

Equitable decision-making framework

- Focus framework application on where the Board will make specific decisions about program affordability
- Use appropriate equity framework (e.g., Racial Equity Tool, equity impact analysis) in Enterprise workplan activities
- Process improvements to emphasize equity considerations in normal business

Reporting

- Additional development of adaptive management plan features will inform reporting cadence and content
- Concurrent effort to assess existing reporting to streamline in 2027

R2026-11 language: "brief the Board on the [equitable decision-making] framework and present a proposal for incorporating it into" the adaptive management plan

R2026-11 language: "approach program delivery as an iterative process in which information is systematically incorporated into agency decision-making and reported to the Board"

Workplan status

2026

- ✓ Share Ballard date range
- ✓ Advance fare gate pilot
- ✓ Release Ballard Request for Information (RFI)
- ✓ Hold first Ballard community forum
- **Propose state legislative strategy**
- **Review updated Long Range Finance Plan**
- **Recommend finance policy updates**
- Present State of Good Repair plan
- Share Regional Parking Fund update
- Provide extraordinary innovation report and recommendations

2027 *(with anticipated Board engagement)*

- Update service standards and share Network Plan (Q1)
- Develop Graham/Boeing Access Road funding plans (Q1/Q2)
- Recommend North Tukwila transit access opportunities (Q1)
- Begin planning for South Kirkland-Issaquah, T Line, and Sounder South (Q1 and ongoing)
- Initiate High-capacity transit studies and Regional Long Range Transit Plan update (Q1 and ongoing)
- Comprehensive review of system costs (Q2/Q3)
- Present options for potential future revenue package at regional and subarea levels (Q3)

R2026-11 language: the Enterprise workplan "defines activities for the agency to continue to identify and implement opportunities to save costs, accelerate project delivery, and increase agency financial capacity"

Enterprise implementation

Upcoming Board engagement

- ***11/5 Rider Experience & Operations:*** State of Good Repair/lifecycle maintenance update
- ***11/12 System Expansion:*** project delivery framework review & Ballard project update
- ***11/19 Finance & Audit:*** Finance Plan review and finance policy update
- ***11/19 Board:*** adopt 2027 legislative strategy and update finance policy
- ***12/10 Executive:*** present final adaptive management plan and project delivery framework, extraordinary innovation follow-up
- ***12/10 System Expansion:*** Regional Parking Fund update
- ***12/17 Board:*** approve adaptive management plan and project delivery framework

Thank you.

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