

SOUND TRANSIT

MOTION NO. M2002-108

A motion of the Board of the Central Puget Sound Regional Transit Authority establishing an agency performance rating for 2001.

Background:

On August 14, 1997, the Sound Transit Board adopted Motion No. 38 established the Agency Performance Management System, including provisions for consideration of an annual agency-wide lump sum performance award.

Sound Transit achieved many notable accomplishments in 2001 (see Attachment A). Recognition of these accomplishments is important for the talented and dedicated staff of Sound Transit. At the direction of the Sound Transit Board, staff has made the changes necessary to become more accountable and transparent. Understanding the many complexities of building these regional projects, Sound Transit staff has stayed focused on moving forward with implementing the Sound Move plan.

Recognizing the state of the economy and the budget pressures, the recommendation from the Executive Committee is for a 2% lump sum agency award to acknowledge the work and the progress of the staff, while being fiscally prudent.

Further, it is the recommendation of the Executive Committee that in looking at 2002 and forward, the Board abolish the agency lump sum award in its current form.

Motion:


It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the Board determines the agency's performance for 2001 shall be awarded at 2%, and further that from 2002 forward, the Board abolish the agency lump sum award in its current form.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on September 12, 2002.



Ron Sims
Board Chair

ATTEST:



Marcia Walker
Board Administrator

MEMORANDUM

TO: Ron Sims, Chair
Sound Transit Board of Directors

FROM: Joni Earl, Executive Director

SUBJECT: 2001 Agency Lump Sum Award

DATE: August 27, 2002

Background

In August 1997, the Sound Transit Board established the agency's performance management system. The system does not apply automatic cost-of-living adjustments nor step advances based on tenure. It bases compensation decisions on performance. In order to encourage team work, a portion of every employee's compensation is based on how the agency performed overall. The portion has been named the "Agency Lump Sum Award".

The Executive Committee has evaluated the agency after receiving the independent financial audit and the Citizens Oversight Panel year-end report, as well as considering personal observations and judgements of staff performance.

Past performance evaluations have considered five elements:

- Being on time
- Being on budget
- Being accountable to our public
- Collaborating with citizens, stakeholders & local jurisdictions
- Effectiveness

Past 20 months

Sound Transit has a very complex mission, and one that cannot be achieved by Sound Transit alone. In 2000, the Agency had a successful and exciting start-up of Sounder service between Tacoma and Seattle, brought more bus service on-line and started construction on a number of projects. At the same time, the Central Link project had significant cost estimating and schedule problems, which resulted in serious questions by the public, the media, the federal government and stakeholders of Sound Transit's ability to deliver this and other projects. Rightfully so, the ST Board did not give the agency a performance award for the year 2000.

While previous mistakes occurred in trying to achieve our mission, the Board and staff have worked very hard over the past 20 months to study lessons learned, re-tool our systems and procedures, and re-calibrate the work yet to be done in terms of scope, schedule and budget. Sound Transit is more open, transparent and accountable. We are continuing to add services and build projects. We are continuing to build and improve relationships around the region, while holding our partners as accountable for delivering their part of the partnerships. We are making progress on many fronts.

Year 2001

Attached to this memorandum is a high level summary of notable accomplishments for the Board's consideration for the year 2001. It was a re-building year, with agency reorganization and a number of new staff. It was year one of working to re-build the agency's credibility with the public. I believe we made significant progress.

Recognition of these accomplishments, especially in light of the year 2000, is important for the staff of Sound Transit. We have talented staff, dedicated to bringing mobility options to the Puget Sound. They believe in our mission and understand, better than most, the complexities involved in building so many projects simultaneously with so many partners.

However, we also recognize the state of the economy and the budget pressures so many public agencies are facing. As a result, I am recommending that the Board award a 2% lump sum agency award. This percentage level does not adequately note the many accomplishments. However, it does acknowledge the work and the progress, while being fiscally prudent.

2002 and beyond

In looking forward, it is my recommendation that the Board abolish the agency lump sum award in its current form. We have an employee pay for performance system where individuals are rewarded for their performance. We can work internally to determine how best to tweak the system and criteria so that agency teamwork is still an important factor in an employee's performance award. I have asked our HR Manager to present me with options.

Challenges in delivering our projects and services still remain. I am confident the Sound Transit Board and staff are up to the challenge, and we will be successful. Even with this focus and good staff work, the fact remains that once a project is behind schedule or budget, whether it is light rail, a park and ride, or BNSF negotiations, it remains behind schedule or budget forever in terms of the Sound Move system plan.

The Agency Lump Sum Award does not fit our current reality. While it is disappointing to feel the need to make this recommendation, I do believe this is the right decision. I am happy to answer any questions. I look forward to the Board's discussion of these recommendations. Thanks.

2001 Sound Transit Accomplishments

Accountability

- Deloitte and Touche Independent Auditors' Report for period ending December 31, 2001
 - Unqualified opinion on financial statements
 - No reportable conditions in internal control over financial reporting
 - No instance of noncompliance considered material
 - No reportable conditions in internal control over compliance with applicable requirements
 - Unqualified opinion on compliance applicable to each major federal award program
- Deloitte and Touche Independent Audit on Cost Estimating
 - Cost estimates have been developed using adequate methodology and data and are supported by detailed documentation
- Deloitte and Touche Independent Report on Procedures Concerning Subarea Equity
 - Agreed beginning balance of equity for each subarea to the schedule of subarea equity
 - Proved the mathematical accuracy of ending equity balance for each subarea
- Federal Transit Authority Triennial Review
 - ST compliant in 17 out of 21 review areas. ST responded with timely resolution in the four areas not in compliance.
- Office of the State Auditor
 - Unqualified opinion for report on financial statements, report on A-133 (single audit), and report on compliance
- Citizen Oversight Panel 2001 Year-End Report
 - Executive Director Earl's leadership introduced new management discipline
 - Professionalism never higher at ST
 - Accountability to mission and goals is real
 - ST is a dedicated team pulling together with optimism and cohesion
 - Clearest evidence of change is the improving confidence in Central Link program
 - Improvements in 2002 budgeting process and financial plan
 - New level of forthrightness and clarity in describing cost trends and reasons for cost increases
 - Increased attention to identifying and analyzing policy issues in Board briefings

Capital Projects

- Completed construction of Tacoma Link maintenance base
- Began Tacoma Link main line construction
- Board decision to move the Link 14-mile Initial Segment forward
- Opened South Hill Park and Ride lot for Express Bus operations
- Completed Pacific Avenue Overpass in Everett
- Completed Bellevue Transit Center Phase 1 construction
- Opened three Sounder Commuter Rail stations
 - Kent Station
 - Puyallup Station
 - Tukwila Station (temporary)
- Kicked off DEIS for North Link extension
- Advanced joint study effort with city of SeaTac and Port of Seattle for Airport Link extension
- Created subarea program reserve for Regional Express to protect against project unknowns to mitigate budget risks.

Services

- Seventeen Regional Express Bus routes in service
- Regional Express carried its 10,000,000th rider
- Sounder carried its 500,000th rider
- Increased Sounder ridership from 6,400 trips/week in January to 12,650 trips/week in December
- Adjusted p.m. Sounder service schedule in response to rider requests, resulting in increased ridership
- Sounder service achieved 94.5% on-time performance

Noteworthy

- Strengthened key management positions to improve the way ST does business
- Reorganized the agency to reflect the challenging new environment
- Built and fostered strong working relationship with our federal partners, including the FTA, the Inspector General, and Congressman Hal Rogers (Chairman of the House Appropriations Subcommittee on Transportation)
- Increased communication efforts with our Congressional Delegation
- Secured \$31 million in federal earmarks (\$11.1 million for Regional Express and \$20 million for Sounder)
- Received judicial order dismissing the Save Our Valley lawsuit
- Hosted National Commuter Rail Conference, attended by delegates from around the world
- Co-led I-405 study and Trans-Lake study (that are now feeding in to RTID discussions and will provide foundation for Phase II work)
- Achieved 70% “yes” vote on ST’s first annexation election (Issaquah Highlands)
- Developed guidelines for negotiating 3rd party agreements, which contributes to cost containment
- Implemented new internal review process for Board actions to ensure (1) that policy options are fully developed and analyzed; (2) high-quality decision-making materials include complete financial and budget information; and (3) Board members are briefed on important topics.
- Developed zero increase 2002 budget with increased emphasis and funding for project control and external communications.