

**SOUND TRANSIT  
STAFF REPORT**

**RESOLUTION NO. R2009-24**

**Scope Control Policy**

<b>Meeting:</b>	<b>Date:</b>	<b>Type of Action:</b>	<b>Staff Contact:</b>	<b>Phone:</b>
Executive Committee	12/3/09	Discussion/Possible Action to Recommend Board Approval	Ric Ilgenfritz, Executive Director, Planning, Environmental & Project Development	(206) 398-5239
Finance Committee	12/3/09	Discussion/Possible Action to Recommend Board Approval	<b>David Phillip Beal, Planning &amp; Development Manager</b>	(206) 398-5124
Board	12/10/09	Action		

<b>Contract/Agreement Type:</b>	✓	<b>Requested Action:</b>	✓
Competitive Procurement		Execute New Contract/Agreement	
Sole Source		Amend Existing Contract/Agreement	
Agreement with Other Jurisdiction(s)		Budget Amendment	
Real Estate		Property Acquisition	

**PROJECT NAME**

Scope Control Policy

**PROPOSED ACTION**

Adopts a Scope Control Policy and supersedes Motion No. M2002-121

**KEY FEATURES of PROPOSED ACTION**

Establishes Scope Control Policy:

- Develop cost-effective high-capacity transit projects through maximizing transit benefits and minimizing total project costs.
- Develop projects with cost control, ridership and operational efficiency as the primary objectives.
- Acknowledges that Sound Transit receives requests from other units of government to enhance projects beyond their initial budget and established scope with betterments.
- Includes principles forming the basis of a consistent and appropriate response to requests for betterments that expand scope and increase project costs and applies those principles to capital projects, operations, maintenance, and other activities performed by Sound Transit.
- Requires Sound Transit to responsibly and reasonably mitigate significant adverse environmental project impacts.
- Directs that Sound Transit high-capacity transit facilities are a solution to Growth Management Act concurrency regulations and are not typical development projects subject to concurrency requirements.
- Directs Sound Transit to recover the full costs of betterments, including administration and a share of soft costs, from partners.
- Requires Board approval to expand project scope or budget or to include betterments.
- Requires Board approval to implement mitigation measures beyond those included in the project's final environmental impact documentation.
- Requires Board approval to utilize unused budget to expand project scope or to include betterments.

**BUDGET IMPACT SUMMARY**

There is no action outside of the Board-adopted budget; there are no contingency funds required, no subarea impacts, or funding required from other parties other than what is already assumed in the financial plan.

**BUDGET and FINANCIAL PLAN DISCUSSION**

Not applicable to this action.

**SMALL BUSINESS PARTICIPATION**

Not applicable to this action.

**PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION**

The Board adopted the Sound Transit Scope Control Policy in January of 2003. Since that time, the policy has served the agency well throughout the delivery of the *Sound Move* program.

In recent Finance Committee and Board meetings, Sound Transit staff briefed Board members on current forecasts of total agency revenues that are lower over the next fifteen years than forecasts that the agency relied upon in developing the ST2 Plan. Following those briefings, Board members discussed the need to improve the control of project costs, through the control of scope, in order to implement remaining *Sound Move* and ST2 projects within the reduced level of revenues. It was recognized that one tool in this effort is the Sound Transit Scope Control Policy. At the October 8, 2009 meeting of the Board, the Chair requested staff to recommend changes that would clarify the Board’s policy to respond to requests for extraordinary mitigation and betterments. The Board indicated the recommendations should strengthen the policy to be a more prescriptive, rather than permissive, tool to deliver Sound Transit projects and services.

**Prior Board/Committee Actions**

Motion/Resolution Number and Date	Summary of Action
M2004-111 11/18/04	Increase Contract Authority for Third Party Public Works Betterments
M2002-121 1/23/03	Scope Control Policy
M2002-22 5/9/02	Policy Direction for Reimbursement to Sound Transit by Partner Agencies under Specific Circumstances

**CONSEQUENCES of DELAY**

A strengthened Scope Control Policy will guide ST2 projects, which are getting underway now. However, there are no significant negative consequences if the Board decides more time is needed for consideration of the policy.

**PUBLIC INVOLVEMENT**

Not applicable to this action.

**ENVIRONMENTAL COMPLIANCE**

SK 11-25-09

**LEGAL REVIEW**

JW 11-25-09

## **SOUND TRANSIT**

### **RESOLUTION NO. R2009-24**

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority adopting a Scope Control Policy and superseding Motion No. M2002-121.

WHEREAS, the Central Puget Sound Regional Transit Authority, hereinafter referred to as Sound Transit, has been created for the Pierce, King, and Snohomish Counties region by action of their respective county councils pursuant to RCW 81.112.030; and

WHEREAS, Sound Transit is authorized to plan, construct, and permanently operate a high-capacity system of transportation infrastructure and services to meet regional public transportation needs in the Central Puget Sound region; and

WHEREAS, in general elections held within the Central Puget Sound Regional Transit Authority district voters approved local funding for Sound Move on November 5, 1996 and for Sound Transit 2 on November 8, 2008 to implement a regional high-capacity transportation system for the Central Puget Sound region,

WHEREAS, it is the policy of the Sound Transit Board to develop cost-effective transportation projects by maximizing transit benefits and minimizing project costs; and

WHEREAS, Sound Transit is committed to prudent management of project scope, budget, schedule and quality; and

WHEREAS, throughout the life cycle of a project, Sound Transit receives requests from other units of government to enhance projects beyond their initial budget and established scope with betterments; and


WHEREAS, the Sound Transit Board adopted a Scope Control Policy by Motion No. M2002-121 on January 23, 2003; and

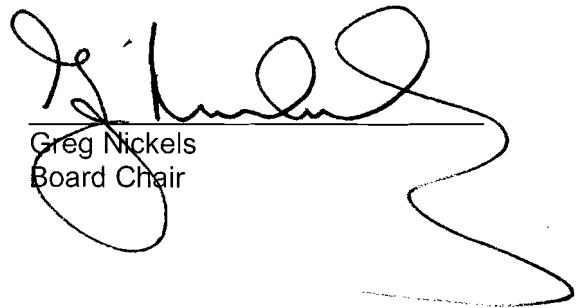
WHEREAS, the Sound Transit Board recognizes a stronger Scope Control Policy is needed in order to implement the remaining Sound Move projects and the Sound Transit 2 System Plan.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that Sound Transit's Scope Control Policy (Attachment A of this Resolution) is adopted and Motion No. M2002-121 is superseded.

ADOPTED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on December 10, 2009.

ATTEST:

  
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Marcia Walker  
Board Administrator

  
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Greg Nickels  
Board Chair

**SOUND TRANSIT  
RESOLUTION NO. R2009-24 - Attachment A**

**SCOPE CONTROL POLICY**

Sound Transit's mission is to plan, build, and operate regional transit systems and services to improve mobility for central Puget Sound. Sound Transit is committed to wisely managing public funds while fulfilling the mission. It is the policy of the Sound Transit Board to develop cost-effective transportation projects by maximizing transit benefits, minimizing total project costs, including life-cycle operations and maintenance (O&M) costs, and partnering with local jurisdictions and other parties.

It is the Board's intent that the remaining Sound Move projects and the Sound Transit 2 System Plan are developed with cost control, ridership, and operational efficiency as the primary objectives. Additionally, it is the policy of the Board to require and encourage prudent management of project scope, budget, schedule, and quality; and to deliver the regional high-capacity transit system as authorized by the Sound Transit district voters.

Throughout the life cycle of a project, Sound Transit receives requests from other parties to enhance projects beyond the initial scope. Board approval is required to expand or enhance project scope once Sound Transit project scopes, schedules and budgets are adopted or otherwise established. Nothing in this policy is to be construed as sanctioning the expansion of project scope or the addition of betterments simply because funding is available within project or subarea budgets.

This policy guides Sound Transit's approach to projects at all stages of the project development life cycle. It enables Sound Transit to respond in a consistent and appropriate manner to scope enhancement requests by prioritizing development of the regional high-capacity transit program within and below budget over those requests. Application and adherence to this policy is not limited to projects for which a scope conflict or budget challenge has been identified.

**1. Initial Scope**

The initial project scope is defined by:

- a. The "project templates" that supported the ST2 planning process.
- b. The project purpose, intent, and budget as described in Sound Move and ST2.

**2. Project Development**

The project development phase begins by:

- a. writing a Purpose and Need Statement that describes in specific terms the reasons for and objectives of a project,
- b. identifying project alternatives that respond to the initial scope or Purpose and Need Statement and that are within the project lifetime budget as most recently adopted by Board action,
- c. assessing environmental impacts and potential mitigation measures for the alternatives, and
- d. beginning engineering and design.

The assumptions and measurement methods for analyzing project benefits and impacts will be shared with Sound Transit's partners to foster the broadest understanding and agreement possible on project impacts.

**3. Mitigation**

- a. Sound Transit will responsibly and reasonably mitigate significant, adverse environmental project impacts consistent with the National and State Environmental Policy Acts (NEPA/SEPA) and other applicable federal, state, and local regulations. Mitigation must respond to specific, significant adverse environmental impacts clearly identified in the NEPA/SEPA document for the project and will be attributable to such impacts.

- b. The analysis of project impacts and associated mitigating measures are summarized in a final environmental document, the primary instrument in informing Sound Transit's decisions about mitigation.
- c. Once the project environmental process is complete, requests for mitigation beyond what is listed in the final environmental documentation, will only be considered if they meet the following criteria:
  - 1. must be based on policies, plans, rules or regulations formally designated under NEPA/SEPA and in effect at the time when the environmental determination was issued,
  - 2. must be capable of being accomplished and within Sound Transit's authority to implement,
  - 3. must be directly related to and proportionate to the impacts directly caused by the project,
  - 4. must not delay the implementation of the project,
  - 5. must be cost-effective in light of the project budget, the severity of the impact, and the anticipated reduction in impact due to the mitigation,
  - 6. must be reasonable, and
  - 7. must be consistent with federal, state, and local regulations.
- d. Board approval is required to mitigate measures beyond those included in the project's final environmental documentation.

#### **4. Concurrency**

The Growth Management Act and Sound Transit's enabling legislation encourage compact, livable communities and urban centers, to be connected with high-capacity transportation services.

It is the policy of Sound Transit that:

- a. high-capacity transit facilities be regarded and treated as a needed response and solution to growth management concurrency regulations and
- b. high-capacity transit facilities are not typical development subject to additional concurrency requirements.

#### **5. Baseline Scope**

- a. Baseline scope is defined by Sound Transit's project decision after the completion of environmental review.
- b. The baseline scope will form the basis for project scope and mitigating measures from that point forward.
- c. Decisions on scope, mitigating measures, and budget throughout the project life cycle will be documented, consistent with Sound Transit's Phase Gate practices, and will be reflected in the annually adopted Transit Improvement Plan.
- d. Board approval of a project's baseline scope, schedule, and budget is required to be consistent with Sound Transit's Phase Gate practices. All subsequent engineering design, permitting activity, and implementation will take the baseline scope, schedule, and budget as a frame of reference.

#### **6. Responding to Requests for Project Betterments**

- a. Betterments are defined as project elements that were not clearly:
  - 1. included in the initial project scope,
  - 2. necessary in the normal course of completing the initial project scope,
  - 3. included in the project definition, or
  - 4. among the mitigation measures indicated in the final environmental documentation for a project.
- b. Throughout the project implementation process, Sound Transit's partners may identify opportunities for enhancements to project scope that have benefit to them, and they may express a willingness to fund such betterments. Motion No. M2004-111 outlines a process for amending contract expenditures, by up to \$500,000, in order to accomplish betterments funded by other public agencies. Sound Transit will make every attempt to integrate such enhancements into the project's design if, in doing so, there is not a negative impact to the project's scope, schedule, and budget, and if the betterment leads to higher transit ridership and greater project-level cost effectiveness.
- c. Both capital and on-going operating costs will be considered in the assessment of proposals. Before Sound Transit implements any partner-identified scope enhancements that will increase the O&M

costs of a project or facility, the parties must enter into a formal agreement that commits the partner to pay the increased O&M costs for a period equal to the useful life of the facility.

- d. The requesting partner will reimburse Sound Transit for any increase in administrative costs resulting from the incorporation of betterments. Sound Transit requires that an appropriate proportionate share of prior project development costs, such as environmental review and design, be reimbursed
- e. If Sound Transit determines there is a potential risk to the project schedule and/or budget associated with the partner's request for a betterment, the parties must enter into a written agreement identifying the risks. Sound Transit's partner will be financially liable for any increased costs to mitigate the risks and for any impact to the schedule or budget resulting from the inclusion of the betterments. This written agreement must be executed prior to the initiation of project construction.
- f. Sound Transit's Reimbursement Policy, adopted by separate Resolution, will apply if a partner is currently unable to fund costs of betterment requests.
- g. If Sound Transit's partner requests betterments, but declines financial responsibility, Sound Transit will examine the proposal and determine whether Sound Transit has any legal or other obligation to provide the betterment at Sound Transit expense. Sound Transit will then recommend whether to commence a mediation process, or whether to take all necessary steps to have the matter resolved by third parties.
- h. With the authority delegated by the Board, the chief executive officer may determine whether revisions to project scope are necessary and appropriate.
- i. Sound Transit will not accept financial responsibility for a betterment requested by other parties simply because project costs may be trending below the baseline budget.
- j. Approval by a two-thirds affirmative vote of the Board is required to use project savings, defined as any difference between the projected final costs and the project budget, to fund any portion of project betterments that are for the benefit of any other party, public or private.
- k. If, as a result of the process in (g) above, Sound Transit is directed by a third party to incorporate betterments into the baseline scope and such incorporation results in projected costs exceeding the baseline budget, Sound Transit must undertake an analysis to demonstrate to the Board that Sound Transit is authorized to finance the enhancement and that sufficient financial capacity is available within the appropriate subarea to cover the increased costs. Approval by a two-thirds affirmative vote of the Board is required to add enhanced scope to the project's budget.
- l. Sound Transit-obtained federal funds cannot be used to finance betterments.