

Independent Consultant to the Board of  
Directors  
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Comments on the Annual Program Review  
May 26, 2022

# General Comments

- Annual Program Review addresses well Resolution #R2021-05:  
“to review shifts in projected financial capacity resulting from updated cost, revenue, and debt capacity projections and the readiness of projects to benefit from such shifts.”
- Understood to be a “snapshot” of the program in time.
- Document is well-written, comprehensive, and understandable.
- Risk mitigation strategies were identified, such as permit streamlining and early parcel acquisition.
- Prioritized follow-up actions and responsibilities will be key for moving forward.

# Program-Wide Concerns

- Permitting issues are chronic; recommend early engagement, higher-level involvement, use of model agreements, and providing additional staffing to outside agencies.
- Real Estate issues are also chronic; recommend early parcel acquisition prior to the FEIS.
- Standard Drawings (“kit-of-parts”), Directive Drawings, and Standard Specs, building on the “Station Experience Design Guidelines,” would yield savings.

# Program-Wide Concerns

- Acceleration and incentives could yield schedule and cost savings.
- Operations is stretched thin for testing, commissioning, and safety certification, as well as operator training and LRV commissioning; recommend short-term surges including temps, contractors, and consultants, as well as borrowing staff from other transit agencies.
- Pre-Purchase equipment contracts would overcome late delivery of long-lead-time equipment (this will likely get worse as the IJA ramps up in the power sector).

# Program-Wide Concerns

- The program includes extensive parking garages, built on ST's account, but:
  - Private developers routinely build parking and at less cost.
  - Leased parking could free up needed financial capacity.
  - Staff with specialized transit expertise are underutilized on generic parking structures.
  - ST's organization imposes a cost burden on these relatively simple structures.
- Large international contractors are absent; recommend a "Contractors' Industry Day" to address contracts, liability, insurance, contract administration, procedures, and risk allocation.
- Other: Consider an Owner Controlled Insurance Program ("OCIP"); use strict cost models with a "design to cost" philosophy; accelerate some designs to be "on the shelf" for the next stimulus; and always, a focus on safety.

# Agency/Program-Level Risk

- Many risks are at the agency/program-level and cannot be mitigated at the project-level.
- Risks include inflation, energy costs, labor shortages, lack of competition, new technologies, and political changes.
- Recommend a robust risk assessment at the agency/program-level to “stress test” the overall program.

Thank You