

Independent Consultant  
to the  
Board of Directors  
David A. Peters, PE

Review of Agency Reports  
October 13, 2022

# Background

- Resolution R2021-05 directed new reports for Realignment:
  - Annual Program Review
  - Cost Savings Work Plan
  - Cost Drivers Memo
  - Ad Hoc Cost & Schedule Change Reports
- Other reports continue.
- Reviewed capital project reports, and interviewed Board members and staff to understand:
  - content
  - data sources
  - frequency
  - distribution
- Improvements are recommended to better support Board decision-making.

# Board Member Comments

## Many consistent comments:

- Reporting overload: number, frequency, density, and attachments.
- Focus on executive summaries, exception reports, and succinct documentation – *with a decision-making focus*.
- Implement ad hoc or monthly reporting (“real time, off-cycle”) on overarching issues.
- Use transmittal forms to indicate why a document is being distributed, its contents, context, and expected decisions; also use version control.
- Show trends of key indicators (i.e., the Project Performance Tracker).

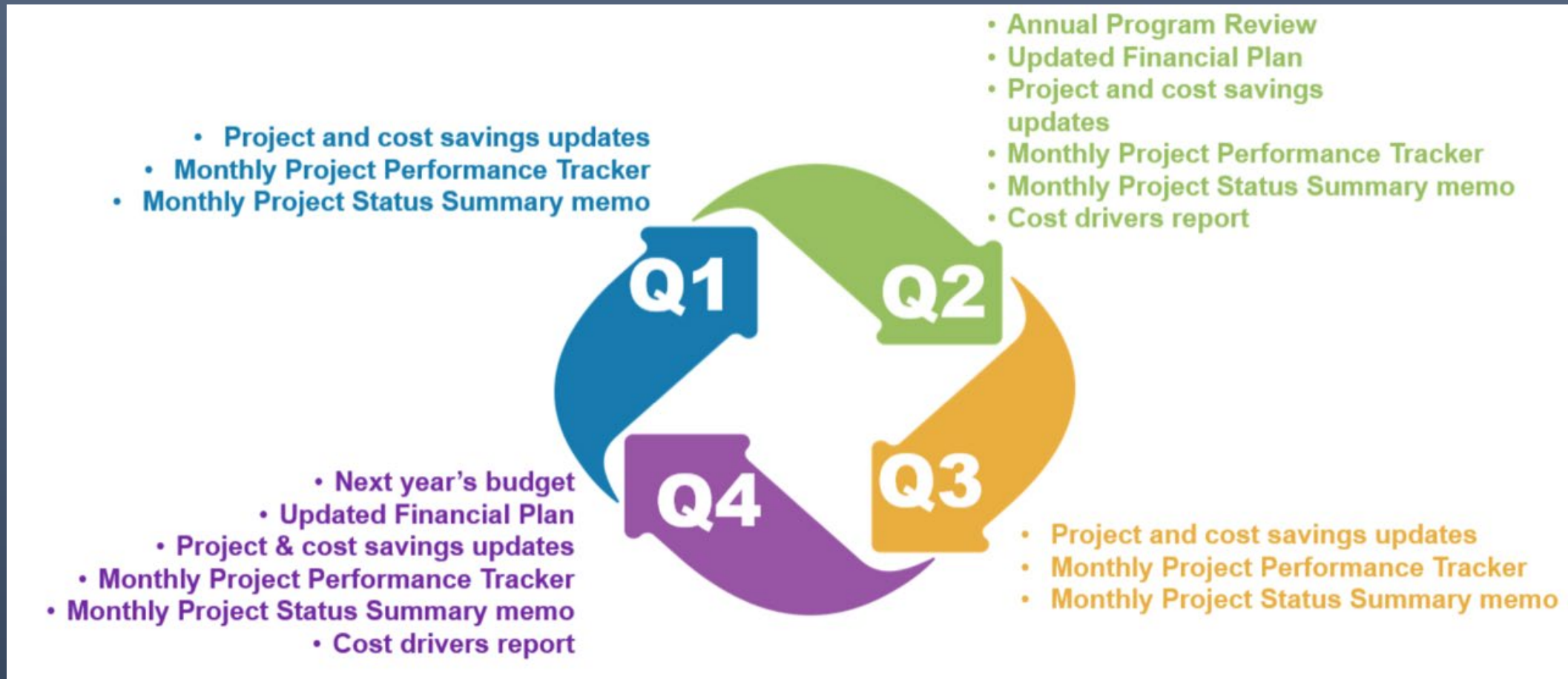
# Board Member Comments

## Individual comments:

- Unclear who owns the agency's messaging to the Board.
- Some concern about reluctance to elevate bad news.
- Concern about different data cut-off dates.
- Short "Week-at-a-Glance" reports would be helpful.
- Suggested regular reviews of realignment with a programmatic focus.
- Report on future operations needs including capital maintenance (SOG), shutdowns, and ridership impacts.
- There were also many positive comments on the current reporting process.

# Realignment Enhanced Business Cycle

(prepared by PSO)



# Reporting Summary Chart

Report	Content										Notes
	Frequency	Pages	Board-Facing/ Pubic-Facing	Historical/ Predictive	Finance	Capital Projects	Ops/ Admin	Risk	News	Policies/ Procedures	
Project Performance Tracker	Monthly	3	BF	Historical		✓		✓			Formerly "Dashboards," for both construction & planning projects. - Red, Yellow, Green for key metrics: Schedule, Budget, Contingency.
Agency Progress Report**	Monthly	185	Both	Historical		✓			✓		Exec Summary focused on news. - Project budget updates. - Construction project status details, by project and by contract. - Risks, contingency management, schedule, ROW, community, staffing, Board actions, safety, costs & cash flow. - Grant summary, sustainability. - Little mention of realignment.
Costs Savings Work Plan* (under development?)	Quarterly	4	BF	Opportunities		✓					Pre-Baselined projects. - Programmatic (agency practices) & project definition. - Quarterly activity update.
Cost Drivers Memo* (under development?)	Semi-Annual	9	BF	Predictive		✓					Materials & labor, industry pressures, property costs, operating costs.
Financial Plan & Adopted Budget**	Semi-Annual	219	Both	Predictive	✓	✓	✓	✓		✓	Long Range Financial Plan thru 2060 (2046 focus). - Annual budget overview, transit improvement plan (6-year forecast), annual budget, project budgets, enhancements, SOGR, administrative, reserves. - Policies, capital cost estimates (target and affordable), asset management, staffing, sub-area allocations, project financial details.
Annual Program Review*	Annual	97	Both	Historical	✓	✓		✓			Affordability Gaps/Readiness. - Exec Summary: financial capacity, project readiness, external pressures/risks. - Cost/schedule shifts, realignment overview, future projections, affordability gaps, risks & opportunities, planning & construction project status (incl. realignment affordability & readiness).
ST Annual Report	Annual	39	PF	Historical	✓						Finance & audit. - Chair & CEO message. - Statistics.
	Total Pages	556									
* Resolution R2021-05 Requirement											
** FTA Requirement											

# Project Performance Tracker (“PPT”)

- Monthly snapshot of capital projects; succinct (3 pages); Board-facing; historical.
- Formerly “Dashboards,” used internally since Oct 2021.
- Green, yellow, red indicators for schedule, budget, and contingency.
- Under revision to be Board-facing and interactive; linked to Agency Progress Report database.
- Will display multiple months.

**Recommendation:** Continue to develop PPT for drill-down and historical data. Add trend arrows. Consider a regular presentation at each BOD and/or SEC meeting.

**Project Performance Tracker**

Latest report date: April 2022 | Report date: Apr. 2022 | Project: All | Corridor: All

**Projects in construction**

As of	Project	Scheduled opening	% Complete construction	Budget risk	Contingency cost risk (entire project)	Contingency cost index (construction costs only)	Schedule risk
Apr. 2022	Downtown Redmond Link Extension	Jan. 2025	49.0%	●	●	●	◆
Apr. 2022	East Link Extension	Oct. 2023	96.8%	●	●	●	◆
Apr. 2022	Federal Way Link Extension	Dec. 2024	50.7%	●	●	●	●
Apr. 2022	Hilltop Tacoma Link Extension	Mar. 2023	81.0%	●	●	●	●
Apr. 2022	Light Rail Vehicle Fleet Expansion	Mar. 2025	59.1%	●	●	●	◆
Apr. 2022	Link Operations & Maintenance Facility: East	Dec. 2020	99.9%	●	●	●	●
Apr. 2022	Lynnwood Link Extension	Jul. 2024	64.3%	●	▲	●	◆
Apr. 2022	Northgate Link Extension	Oct. 2021	99.8%	●	●	●	●
Apr. 2022	Puyallup Station Parking & Access Improvement	Nov. 2022	96.2%	●	●	●	●

**Legend**

- % Construction complete**  
Construction progress only. Does not include required testing and training period before opening.
- Scheduled opening**  
The date shown in the current schedule for the project to be in service.
- Budget risk**  
The difference between the project's estimated cost at completion and its baseline budget.  
  - Green circle: On or under budget
  - Yellow triangle: 1%-5% over budget
  - Red diamond: More than 5% over budget
- Contingency cost balance**  
The remaining amount of the project's budgeted contingency funds.  
  - Green circle: Remaining balance is above what was planned for this point in time
  - Yellow triangle: Remaining balance is below what was planned for this point in time
  - Red diamond: Near or below the minimum cost contingency balance
- Contingency cost index**  
The burn rate at which construction-specific contingency funds are being used. The lower the index, the higher the risk that Board action may be required to amend a contract. (Construction cost may exceed budget, but does not necessarily indicate an overall project budget overrun.)  
  - Green circle: High index, low risk
  - Yellow triangle: Medium index, moderate risk

SOUNDTRANSIT

# Agency Progress Report (“APR”)

- Monthly; lengthy (180 pages); Board and public-facing.
- Multiple audiences including FTA monthly reviews, and TIFIA and FFGA reporting.
- Executive Summary news-focused.
- Detailed capital project status summaries, budgets and costs, cash flow, contingencies, risk management, schedule, monitored issues, right-of-way, community engagement, staffing, Board actions, safety, grants, and sustainability.
- Minor mention of realignment.

**Recommendation:** Given FTA and Board reporting requirements, no significant changes recommended. Consider summarizing more content. Track contingency balances in a single table including projected unspent balances.

## Agency Progress Report Capital Programs



Downtown Redmond Link Extension Garage Construction

July | 2022



# Cost Savings Work Plan (under development)

- Quarterly; short (4 pages); Board-facing; opportunity-focused.
- Specified in R2021-05; recommended in Triunity report.
- Addresses both programmatic savings and pre-baselined project definition.
- Will be revised for a higher-level, broader focus.
- Some programmatic cost-savings options, such as scope cuts, are controversial.
- Project-specific cost-savings will be assessed early in project development.

**Recommendation:** Eliminate the quarterly reporting requirement. Agency-wide programmatic issues should be addressed, but only on an annual basis or ad hoc as needed. Project-specific cost-savings reviews should become a routine project management practice (like VE or ATCs) and implemented by project teams.

# Cost Drivers Memo (under development)

- Semi-annual; short (9 pages); Board-facing.
- Specified in R2021-05.
- Addresses key economic and construction cost indicators (materials and labor, industry pressures, property costs, operating costs).
- The information informs other agency reports but is somewhat redundant.

**Recommendation:** Change reporting frequency to ad hoc (but at least annually), as necessary to address real-time changes to specific drivers. The cost drivers content should be included in the Annual Program Review.

# Financial Plan & Adopted Budget

- Semi-annual; lengthy (220 pages); agency, FTA, and public-facing (required by FTA and agency policy).
- Thorough report which addresses longer-term revenues and operating and administrative costs (thru 2060).
- Also includes annual budget overview, 6-year transit improvement plan, project and administrative financials, SOGR, reserves, policies, staffing, and sub-area allocations.
- Addresses Realignment's affordable and target schedules.
- A strong positive is the identification of State of Good Repair budgets thru 2046.

**Recommendation:** No changes.

## 2022 Financial Plan & Adopted Budget



# Annual Program Review

- Annual; lengthy (100 pages); Board & public-facing.
- Specified in R2021-05; summarizes financial capacity, project readiness, and external pressures.
- Includes realignment overview, project cost and schedule status, affordability gaps, future projections, risks, and opportunities.
- Significant difference from the monthly APR is identification of affordability gaps for issuing debt.
- Project status is redundant with the APR.

**Recommendation:** Delete individual project write-ups using links to the APR. Summarize project readiness across the portfolio. Merge the Cost Drivers Memo into the Annual Program Review to address external pressures.



## 2022 Annual Program Review Report

April 2022



# Questions