

Review of Agency Reports
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Background

As part of the ST3 realignment process, the Sound Transit Board of Directors (“Board”) requested the development of new reporting tools (the Annual Program Review, Cost Savings Work Plan, Cost Drivers Memo, and Ad Hoc Cost and Schedule Change Reports) in addition to other ongoing agency reports. In his role as Independent Consultant to the Board, Dave Peters reviewed various reports, interviewed Board members about those reports, and met with agency staff to better understand their content, data sources, frequency, and distribution. The goal of this effort is to recommend improvements to the capital program reporting process to best support Board decision-making.

Board Member Consistent Comments

A wide variety of Board member comments were received; however, there was much consistency in the comments and concerns as described below.

- Board members feel overloaded by the reporting (“an obscene amount of information”) due to the number of reports, their density, attachments, and frequency.
- Executive summaries, exception reports, and more succinct documentation was suggested, as well as version control so that they don’t receive multiple versions of the same document. Board members sought clarity, synthesis, and education from the reporting, but not over-simplification.
- Ad hoc reporting (“real time, off-cycle”), including problem-solving approaches, would be particularly useful; a “decision-making focus” is desired.
- Monthly reports on overarching issues would be helpful (i.e., inflation, supply chains, etc.).
- It would be helpful for Board members to receive a transmittal form for documents, describing why a document is being distributed, what it contains, its context, and any expected decisions.
- Key indicators (i.e., as provided in the new Project Performance Tracker) should be tracked over time and show trends.

Board Member Individual Comments

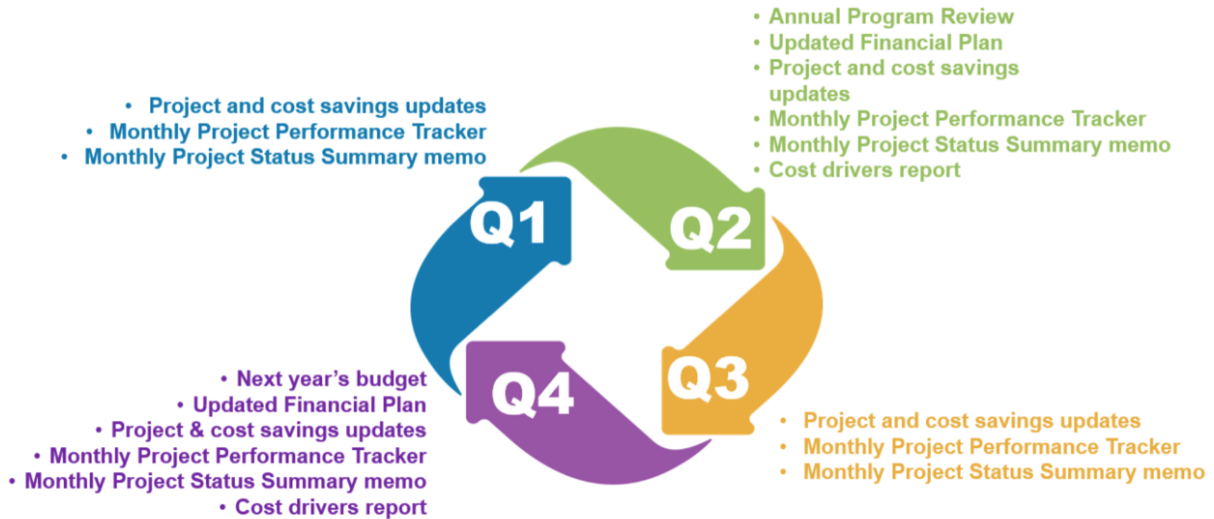
- To some Board members it was unclear who owns the agency’s messaging to the Board.
- There was some concern about a reluctance to elevate bad news.
- There was also concern about reports with different data cut-off dates, as well as inconsistent filters.
- A short “Week-at-a-Glance” report would also be helpful.
- Regular reviews of realignment are needed with a programmatic focus across all projects.
- Reports should include future operations needs, including capital maintenance (“State of Good Repair”), shutdowns, and ridership impacts.

- There were also many positive comments on the current reporting process (e.g., “more than adequate”) which have not been listed here for the sake of brevity.

Current Reporting Tools

Reporting tools were assessed from a variety of perspectives. These included: content and frequency; audience and focus of report; consistency with Board Resolution R2021-05 for Realignment; the report’s ability to support decision-making; and whether there were redundancies or omissions.

Realignment Enhanced Business Cycle (prepared by PSO)



Reporting Summary Chart

Report	Frequency	Pages	Board-Facing/ Public-Facing	Content							Policies/ Procedures	Notes
				Historical/ Predictive	Finance	Capital Projects	Ops/ Admin	Risk	News			
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 2046 (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-
Annual Program Review*	Annual	97	Both	Historical	✓	✓			✓			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

The *Project Performance Tracker* is a monthly snapshot of capital projects. It is succinct (3 pages), Board-facing, and historical. It was formerly “Dashboards” and has been used internally since October 2021. It uses green, yellow, and red indicators for schedule, budget, and contingency. It is currently being revised to be Board-facing and interactive – the info page will be linked to the monthly Agency Progress Report (i.e., providing consistent data); also, you will be able to see multiple months. It will be mobile phone compatible. A Project Status Summary has been developed in conjunction with the Project Performance Tracker which also identifies risks, at both the project and portfolio level, and Board notifications.

Recommendation: Continue to develop the Project Performance Tracker including drill-down capabilities and historical data. Add arrows to indicate trends. Consider including it as a regular, short presentation at each BOD and/or SEC meeting.

Agency Progress Report

The *Agency Progress Report* is issued monthly. It is lengthy (180 pages) and has multiple audiences in addition to the Board. The FTA PMOC uses the report for their monthly discussions with the agency and it is required reporting for the agency’s TIFIA loans and Full Funding Grant Agreements. Also, the Executive Summary is news-focused. The Agency Progress Report details capital project status for both planning and construction projects. Project descriptions are very detailed and include key activities, budget and cost summaries, cash flow, contingency management, risk management, schedule analysis, monitored issues, right-of-way status, community engagement, staffing, Board actions, grants, sustainability, and safety, as well as details for individual construction contracts. There is only minor mention of Realignment.

Recommendation: As the Agency Progress Report is used to satisfy reporting requirements for both FTA and the Board, no significant changes are recommended. Also, it would be helpful to track contingency balances in a single table, including projected unspent balances.

Cost Savings Work Plan (under development)

The *Cost Saving Work Plan* is issued quarterly. It is short (4 pages), Board-facing, and opportunity focused. It was specified in Resolution R2021-05 and evolved from Triunity’s recommendations regarding cost estimates. It addresses both programmatic savings (agency practices) and pre-baselined project definition. It is to be cross-departmental and is currently being revised for a higher-level, broader, and holistic focus. Some potential programmatic cost-savings, 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 value engineering or alternative technical concepts) to be implemented by the project teams.

Cost Drivers Memo (under development)

The *Cost Drivers Memo* is issued semi-annually. It is short (9 pages) and is Board-facing. It was specified in R2021-05 and addresses key economic and construction cost indicators (materials and labor, industry pressures, property costs, and operating costs) and was implemented in response to the escalation encountered on current planning projects. The information contained in this report 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

The *Financial Plan* is issued semi-annually. It is lengthy (220 pages) and is agency, FTA, and public-facing. It is required by FTA and agency policy and is very thorough. In addition to the Annual Budget, it addresses longer-term revenues, and operating and administrative costs thru 2060. It also includes the 6-year transit improvement plan, State of Good Repair budgets, reserves, policies, staffing, and sub-area allocations. It also addresses Realignment's affordable and target schedules. A strong positive is the identification of State of Good Repair budgets projected thru 2046.

Recommendation: No changes.

Annual Program Review

The *Annual Program Review* is a snapshot issued in April. It is lengthy (100 pages) and both Board and public-facing. It was specified in R2021-05 and summarizes financial capacity, project readiness, and external pressures. It contains a Realignment overview with individual project write-ups including cost and schedule status. Also, it addresses affordability gaps (for issuing debt), future projections, risks, and opportunities. Although the Annual Program Review addresses changes to financial capacity, it does not include new data. It is expected that the monthly Project Performance Tracker will simplify reporting and cover much of the same information. Also, there is redundancy with the monthly Agency Progress Report.

Recommendation:

There is much similar content among the Annual Program Review, the monthly Agency Progress Report, and the monthly Project Performance Tracker. The Annual Program Review should be condensed by deleting the individual project write-ups and providing links to the current Agency Progress Report. Project readiness should be summarized in one section, answering the Board's directive to identify the readiness of projects to benefit from "shifts in projected financial capacity resulting from updated cost, revenue, and debt capacity projections." Also, external pressures are addressed in the Annual Program Review, but are also addressed in the Cost Drivers Memo. It is therefore recommended that the Cost Drivers Memo be merged into the Annual Program Review to address external pressures.

Sound Transit Annual Report

The *Annual Mailer* is a yearly report. It is public-facing and sent to 1.3 million households. The document is intended to help inform taxpayers of the status of their transit investment.

Recommendation: Staff to streamline data compilation and status reporting consistent with other reporting.