

# *Updates to Board Delegated Authority Policy*

*Executive Committee*

*10/5/23*

# *Why we are here*

- Discussion of Board options for changes to levels of delegated authority between Board and CEO as recommended by the TAG focused on financial thresholds
- August 3 Executive Committee requested Finance & Audit Committee discussion of the options
- **Sharing today the September 8 FAC recommendations with corresponding revisions to the Board's delegated authority policy for discussion and next steps**

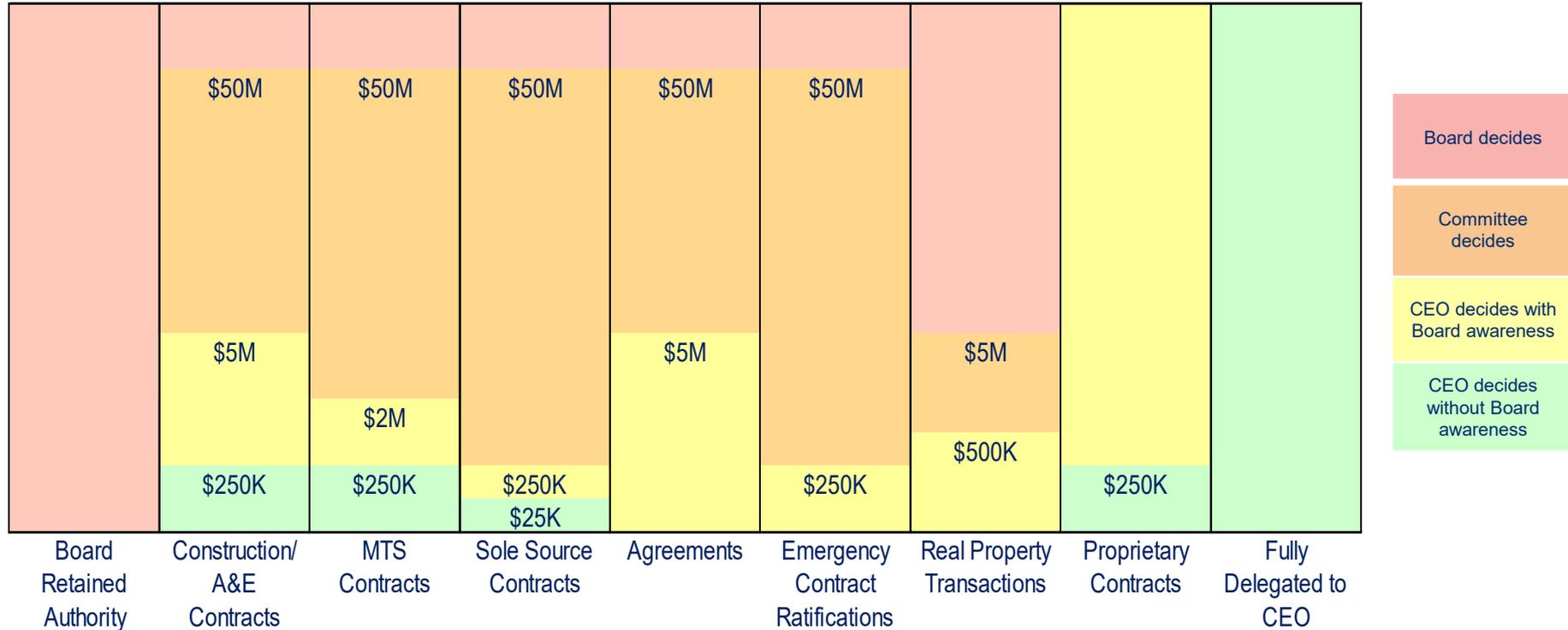
# Motion No. M2023-36

*Take steps to clarify the roles and responsibilities of the Sound Transit Board and staff, in order to build trust, transparency, and efficiencies to deliver the program*

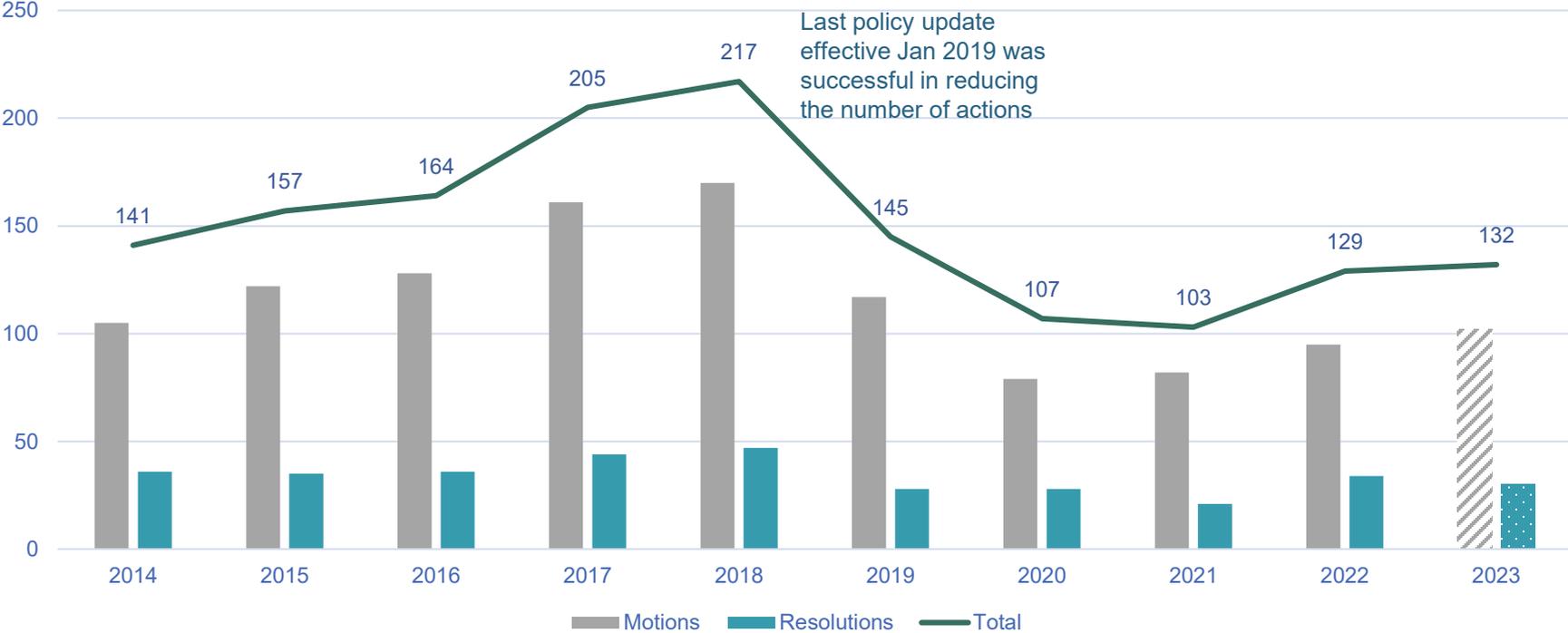
- Update the Board Procurement, Agreements and Delegated Authority Policy, Resolution No. R2018-40, including:
  - **Reviewing and updating current delegation** of authority level(s) between the Board and CEO (Q3 2023)
  - **Streamlining the nature and number of actions** that currently come to the Board for approval (Q3 2023)

# Decision-making and reporting levels

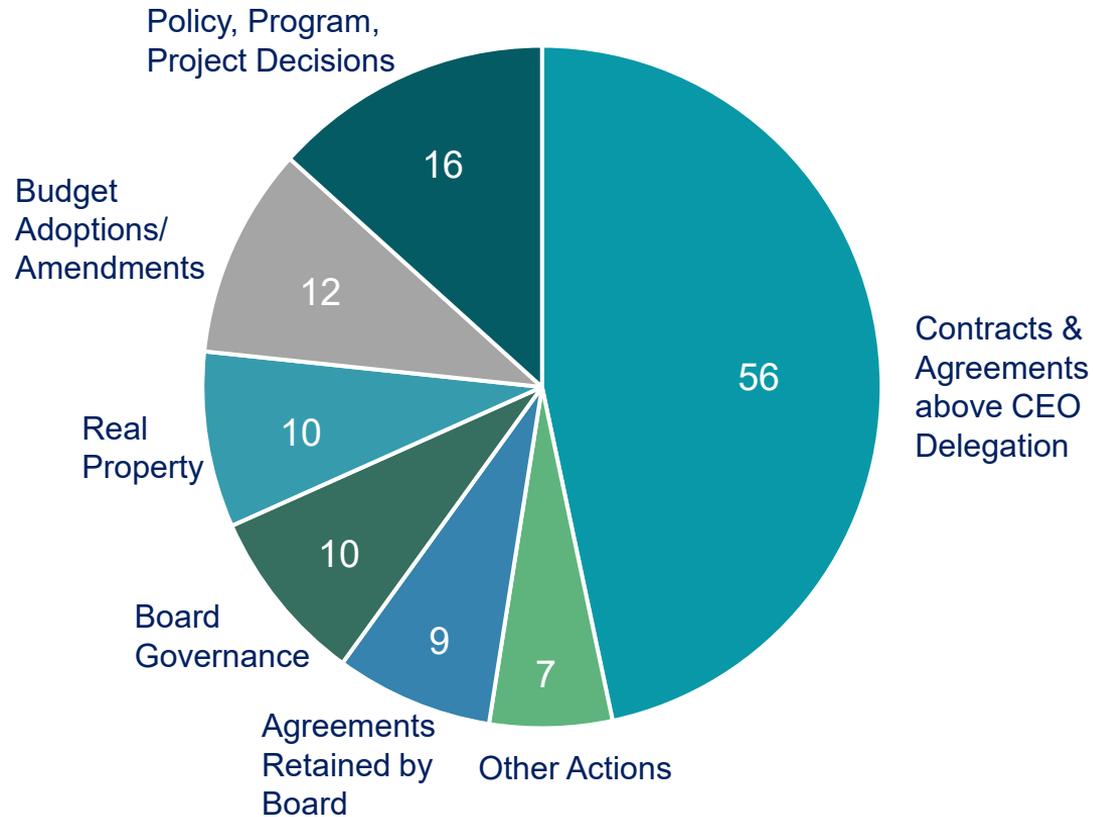
## Current State



# Number of annual actions (2014-2023)

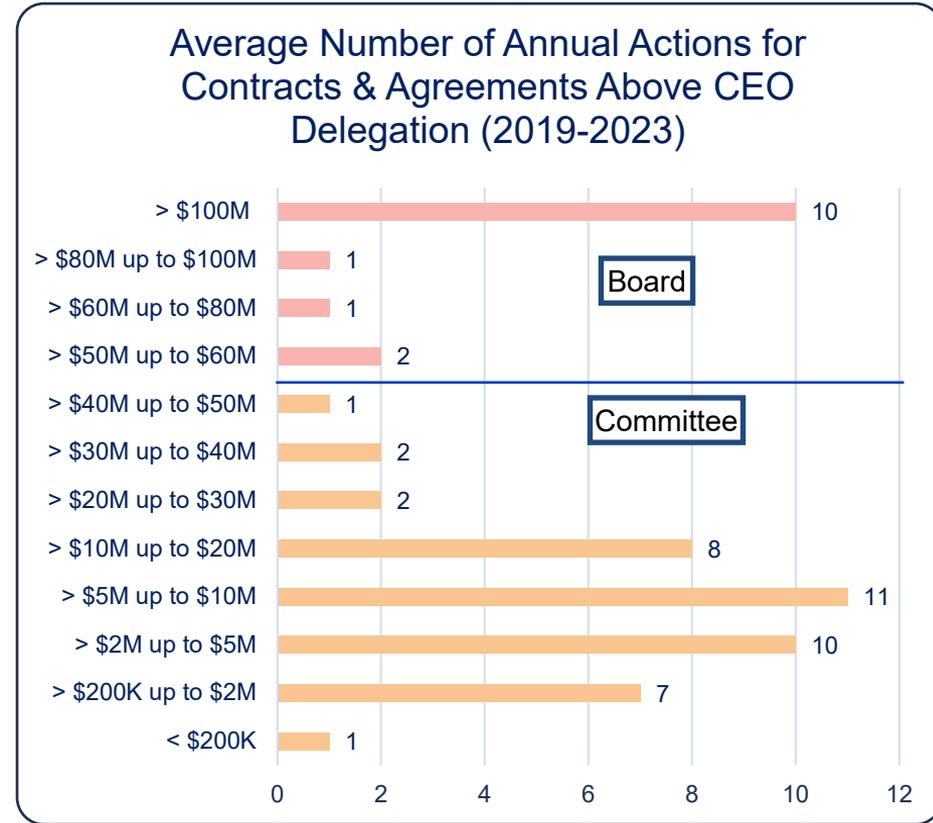


# Average number of annual actions (2019-2023)



# Nature of actions

- The data shows that increasing the CEO's delegation to at least \$10M for contracts and agreements will achieve the Board's goals of streamlining the number of actions.



# Range of possible CEO delegation options

Option A

\$50M	\$50M	\$50M	\$50M
\$5M	\$5M	\$5M	\$5M
\$250K	\$250K	\$250K	
Const/A&E Contracts	MTS Contracts	Sole Source Contracts	Agreements

Option B

\$50M	\$50M	\$50M	\$50M
\$10M			\$10M
\$250K	\$250K	\$250K	
Const/A&E Contracts	MTS Contracts	Sole Source Contracts	Agreements

Option C

\$50M	\$50M	\$50M	\$50M
\$10M	\$10M	\$5M	\$10M
\$250K	\$250K	\$250K	
Const/A&E Contracts	MTS Contracts	Sole Source Contracts	Agreements

Option D

\$50M	\$50M	\$50M	\$50M
\$20M	\$10M	\$5M	\$20M
\$250K	\$250K	\$250K	
Const/A&E Contracts	MTS Contracts	Sole Source Contracts	Agreements



**Finance & Audit Committee Recommendation**

# *Other updates for Board consideration*

## *Finance & Audit Committee Recommendation*

- Sole source contracts: Increase CEO reporting requirement to Board committees from \$25K to \$250K/federal threshold
- Emergencies: Increase the threshold for Board ratification of contracts from \$250K/federal threshold to \$5M
- Betterments: Increase delegation to the CEO from \$500K to \$5M
- Construction contracts: Establish a minimum of \$1M to the requirement for Board approval of contracts exceeding 20% over the cost estimate
- Real property agreements: Increase CEO authority from \$500K to \$1M
- Preliminary project planning: Increase delegation to the CEO from \$500K to \$2M
- Various administrative updates also addressed

# Representative reduction in number of Committee actions annually

	Option A	Option B	Option C	Option D
CEO delegated authority	\$5M A&E/construction \$5M MTS	\$10M A&E/construction \$5M MTS	\$10M A&E/construction \$10M MTS	\$20M A&E/construction \$10M MTS
<b>Reduction in committee approvals</b>	<b>SEC: 0%</b> <b>REO: 18%</b> <b>6 actions</b>	<b>SEC: 9%</b> <b>REO: 18%</b> <b>11 actions</b>	<b>SEC: 9%</b> <b>REO: 35%</b> <b>17 actions</b>	<b>SEC: 18%</b> <b>REO: 35%</b> <b>23 actions</b>
Full Board approvals	No change	No change	No change	No change

# *Discussion and Next Steps*

- Discussion
- Decision whether to recommend all or in part to forward to the October Board

*Thank you.*



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