

## Board Policy Update: Procurement, Agreements and Delegated Authority Policy

### Crosswalk of Changes

Proposed policy update	Description of changes
1.0 Scope	
<b>1.1 Scope</b> A concise scope statement to summarize the content that the policy addresses.	The resolution statement of R78-2 serves as the scope statement in the existing policy.
2.0 Policy	
<b>2.1 Delegated authority</b> This section establishes the Board's delegation to the CEO to operate the agency.	<b>Substantive changes to section 1 of R78-2:</b> <ul style="list-style-type: none"> <li>• Revises CEO delegation to establish requirements and procedures to carry out Board policies (2.1.1)</li> </ul> <b>Text moves and clarifying/style edits:</b> <ul style="list-style-type: none"> <li>• Moves the third sentence from section 20 of R78-2 to 2.1.1</li> <li>• Moves section 1.C of R78-2 to 2.8.5</li> <li>• Moves section 14 of R78-2 to 2.1.5</li> <li>• Clarifying/style edits</li> </ul>
<b>2.2 Procurement and contracting authority</b> This section establishes the Board's delegation to Board committees and the CEO for contract approvals, required reporting of the CEO, and delegation to the CEO to implement the procurement and contracting program.	<b>Substantive changes to section 2 of R78-2:</b> <ul style="list-style-type: none"> <li>• Adds new requirement that any contract establishing or modifying Board policy be approved by the Board (2.2.1)</li> <li>• Changes committee delegation to \$50M, excluding taxes (2.2.2)</li> <li>• Changes CEO delegation for competitively-procured contracts to \$5M, excluding taxes, for construction contracts and architectural and engineering services contracts and to \$2M, excluding taxes, for materials, technology, and other services contracts (2.2.3.a and 2.2.3.b)</li> <li>• Adds requirement that the CEO may only approve contracts with terms of 15 years or less (2.2.3.c)</li> <li>• Adds requirement that the CEO may only approve construction contracts, within CEO's delegated \$5M level, when the proposed amount does not exceed Sound Transit's cost estimate by 20 percent or more (2.2.3.d)</li> <li>• Removes CEO delegated authority for contracts not included in budget authorization. The CEO may not approve any contracts that are not included in authorized budget or other Board authorization. (2.2.3.d)</li> <li>• Moves section 9.B of R78-2 to 2.2.4, which expands its application from capital project contracts only to any contract with an approved contingency. This provision allows the CEO to modify contracts to use previously-approved contingencies within certain parameters.</li> <li>• Changes reporting requirement from quarterly to monthly (2.2.5)</li> <li>• Adds contract modifications to competitively-procured contracts as an element of the required monthly report (2.2.5)</li> </ul>

Proposed policy update	Description of changes
	<ul style="list-style-type: none"> <li>• Changes the required reporting level to any contracts over the federal simplified acquisition threshold, currently \$150,000, and within the CEO’s delegated authority of \$5M (2.2.5)</li> <li>• Requires the CEO to notify the Board when the federal simplified acquisition threshold, currently \$150,000, changes (2.2.5)</li> <li>• Strengthens the requirement for procurements to be conducted efficiently and economically (2.2.6.a)</li> <li>• Clarifies that the CEO may delegate the procurement and contracting authority provided in this resolution to appropriate employees (2.2.6.b)</li> <li>• Adds a requirement for an annual report to the Board on the performance of the agency’s procurement and contracts program (2.2.6.j)</li> </ul> <p><b>Text moves and clarifying/style edits:</b></p> <ul style="list-style-type: none"> <li>• Clarifies that the delegated approval levels exclude taxes</li> <li>• Reorders some of the bullets within this section to streamline</li> <li>• Moves A-D from section 13 of R78-2 to 2.2.6 (now 2.2.6.c, d, f, and i)</li> <li>• Moves section 15 from R78-2 to 2.2.6.e</li> <li>• Moves section 3.B from R78-2 to 2.2.6.g</li> <li>• Clarifying/style edits</li> </ul>
<p><b>2.3 Competitive bidding</b> This section addresses parameters for contract procurements through a competitive, sealed bid process.</p>	<p><b>Substantive changes to section 3 of R78-2:</b></p> <ul style="list-style-type: none"> <li>• Changes required level for competitive sealed bids from \$100,000 to the federal simplified acquisition threshold, currently \$150,000, excluding taxes (2.3.1)</li> </ul> <p><b>Text moves and clarifying/style edits:</b></p> <ul style="list-style-type: none"> <li>• Moves section 3.B of R78-2 to 2.2.6.g</li> <li>• Clarifying/style edits</li> </ul>
<p><b>2.4 Competitive proposals</b> This section covers competitive proposals for a best value procurement process in lieu of competitive sealed bids.</p>	<p><b>Substantive changes to section 4.A of R78-2:</b></p> <ul style="list-style-type: none"> <li>• Modifies the parameters under which the CEO may procure contracts using a best value procurement process (2.4.1)</li> </ul>
<p><b>2.5 Professional services</b> This section addresses requirements for professional services procurements.</p>	<p>No substantive changes to section 4.B of R78-2 Clarifying/style edits</p>
<p><b>2.6 Sole source procurements</b> This section describes parameters for sole source contracts, including approval levels for the Board committees and CEO.</p>	<p><b>Substantive changes to section 5 of R78-2:</b></p> <ul style="list-style-type: none"> <li>• Adds delegation to the standing Board committees for approval of sole source contracts up to \$50M, excluding taxes. R78-2 does not delegate any sole source contract authority to Board committees. (2.6.3)</li> <li>• Changes CEO delegation from \$100,000 to the federal simplified acquisition threshold, currently \$150,000, excluding taxes (2.6.4)</li> </ul>

Proposed policy update	Description of changes
	<ul style="list-style-type: none"> <li>• Changes reporting requirement from quarterly to monthly (2.6.5)</li> <li>• Changes required reporting level from \$10,000 to any sole source contracts over \$25,000, excluding taxes, and adds the requirement that the report must include contract modifications (2.6.5)</li> </ul> <p><b>Text moves and clarifying/style edits:</b></p> <ul style="list-style-type: none"> <li>• Clarifying/style edits and text moves within the section only</li> </ul>
<p><b>2.7 Propriety procurements</b> This section covers delegation to the CEO to approve proprietary procurements.</p>	<p><b>Substantive changes to section 6.A of R78-2:</b></p> <ul style="list-style-type: none"> <li>• Clarifies that proprietary contracts include subscription (e.g., software as a service) contracts (2.7.2)</li> <li>• Adds two conditions for proprietary maintenance and subscription contracts (2.7.2)</li> <li>• Changes reporting requirement from quarterly to monthly (2.7.3)</li> <li>• Changes required reporting level from \$100,000 to the federal simplified acquisition threshold, currently \$150,000, excluding taxes, and adds the requirement that the report must include contract modifications (2.7.3)</li> </ul> <p><b>Text moves and clarifying/style edits:</b></p> <ul style="list-style-type: none"> <li>• Clarifying/style edits</li> </ul>
<p><b>2.8 Other delegations</b> This section covers other types of purchases and expenses delegated to the CEO.</p>	<p><b>Substantive changes to section 6.B-E of R78-2:</b></p> <ul style="list-style-type: none"> <li>• Delegates employee travel and expense reimbursements to the CEO and supersedes the existing Board travel policy (2.8.6)</li> </ul> <p><b>Text moves and clarifying/style edits only</b></p> <ul style="list-style-type: none"> <li>• Moves section 6.B-E of R78-2 to 2.8.1 to 2.8.4</li> <li>• Moves section 1.C of R78-2 to 2.8.5</li> <li>• Moves section 13.F of R78-2 to 2.8.7</li> <li>• Moves section 13.E of R78-2 to 2.8.8</li> <li>• Clarifying/style edits</li> </ul>
<p><b>2.9 Emergency</b> This section addresses the Board's delegation to the CEO in emergency situations that require the immediate execution of a contract or an immediate purchase.</p>	<p><b>Substantive changes to section 7 of R78-2:</b></p> <ul style="list-style-type: none"> <li>• Changes the level of the requirement for the CEO to request Board ratification of a CEO's finding of an emergency and any contracts from \$100,000 to the federal simplified acquisition threshold, currently \$150,000, excluding taxes (2.9.2)</li> </ul> <p><b>Text moves and clarifying/style edits:</b></p> <ul style="list-style-type: none"> <li>• Clarifying/style edits</li> </ul>
<p><b>Section 2.10 System expansion projects</b> This section covers the Board's delegation to the CEO to spend authorized budget on early planning activities for system expansion projects, requires</p>	<p><b>Substantive changes to section 8-9 of R78-2:</b></p> <ul style="list-style-type: none"> <li>• Changes the CEO's delegation from \$200,000 to \$500,000, excluding taxes, regarding the amount the CEO is able to spend on a system expansion project before coming to the Board for project-specific budget authorization (2.10.1)</li> <li>• Incorporates Motion No. M2004-111 as 2.10.4 and modifies the existing direction of Motion No. M2004-111 by expanding</li> </ul>

Proposed policy update	Description of changes
<p>quarterly reports on system expansion projects, describes parameters for significant changes in system expansion projects, and allows the CEO to modify contracts to include betterments in certain situations.</p>	<p>to allow betterments, under the existing parameters, for any type of contract, not only for professional services and construction contracts (2.10.4)</p> <p><b>Text moves and clarifying/style edits:</b></p> <ul style="list-style-type: none"> <li>• Moves section 9.B of R78-2 to section 2.2.4</li> <li>• Clarifying/style edits</li> </ul>
<p><b>2.11 Agreements with government agencies, public and private rail entities and nonprofit organizations</b></p> <p>This section authorizes the Board committees and CEO to execute agreements in certain situations.</p>	<p><b>Substantive changes to section 10 of R78-2:</b></p> <ul style="list-style-type: none"> <li>• Adds delegation to Board committees for approval of governmental agreements up to \$50M. R78-2 does not clearly delegate agreement approval authority to Board committees. (2.11.3)</li> <li>• Changes CEO delegation to \$5M in accordance with the overall procurement and contracting authority level (2.11.3)</li> <li>• Removes clarifying detail in 2.11.3 regarding excluded agreements because 2.11.2 covers these situations</li> <li>• Adds delegation to Board committees and CEO for execution of agreements with public and private rail entities (2.11.5)</li> <li>• Adds delegation to Board committees and CEO for execution of agreements with nonprofits, in certain situations (2.11.6)</li> </ul> <p><b>Text moves and clarifying/style edits:</b></p> <ul style="list-style-type: none"> <li>• Text moves within this section only</li> <li>• Clarifying/style edits</li> </ul>
<p><b>2.12 Real property agreements</b></p> <p>This section address all agreements relating to the acquisition, use, or disposition of real property.</p>	<p><b>Substantive changes to section 11 of R78-2:</b></p> <ul style="list-style-type: none"> <li>• Changes CEO delegation from \$200,000 to \$500,000 for real property agreements and for acquisition costs related to vacation of streets or roads (2.12.4.c and 2.12.9)</li> <li>• For real property agreements that allow temporary use of Sound Transit property, changes the term limit on the CEO's delegation to 10 years, previously five years (2.12.4.c)</li> <li>• Reflects current practice by modifying the condition that the price of a real property agreement executed by the CEO must not exceed the appraised value and adds a requirement that legal counsel must approve any price in excess of the appraised value (2.12.5.c)</li> </ul> <p><b>Text moves and clarifying/style edits:</b></p> <ul style="list-style-type: none"> <li>• Text moves within this section only and consolidation of redundant requirements to improve clarity of intent</li> <li>• Clarifying/style edits</li> </ul>
<p><b>2.13 Surplus personal property (other than real property)</b></p> <p>This section authorizes the CEO to declare Sound Transit personal property surplus and dispose of such property as determined to be in the best interests of Sound Transit.</p>	<p>No substantive changes to section 12 of R78-2</p> <p>Clarifying/style edits only</p>

Proposed policy update	Description of changes
<p><b>2.14 Grants</b> This section updates an outdated Board policy regarding agency grant activities, including public participation, grant revenue reporting, partnering on grant applications, and supporting partners' applications.</p>	<p><b>New section to incorporate related updates to Motion No. M99-2, the Board's Grants Policy</b> <b>Substantive changes to Motion No. M99-2:</b></p> <ul style="list-style-type: none"> <li>Delegates authority to the CEO to file applications for grant funding and accept and execute grant awards and agreements with grantor agencies on behalf of Sound Transit (2.14.3)</li> <li>Updates the old policy to reflect current practices</li> </ul>
<p><b>2.15 Debarments and suspensions</b> This section authorizes the CEO to establish procedures for debarment and suspension actions and sets term limits for debarments and suspensions.</p>	<p>No substantive changes to section 16 of R78-2 Clarifying/style edits only</p>
<p><b>2.16 Privatized contracts</b> This section sets provisions for contracts entered into by Sound Transit for work or services provided by private parties that retain an ownership interest.</p>	<p>No substantive changes to section 17 of R78-2 Clarifying/style edits only</p>
<p><b>2.17 Disadvantaged business enterprise and small business</b> This section describes Sound Transit's commitment to providing fair and representative employment and business opportunities for disadvantaged business enterprises and small businesses.</p>	<p>No substantive changes to section 18 of R78-2 Clarifying/style edits only</p>
<p><b>2.18 Green purchasing initiatives</b> This section reflects Sound Transit's commitment to protecting the environment, including encouraging use of environmentally preferable products and services while remaining fiscally responsible.</p>	<p>No changes to section 19 of R78-2</p>
<p><b>3.0 References</b></p>	
<p><b>3.1-16 References</b> This section contains references to related Board policies.</p>	<p>R78-2 does not contain a list of references.</p>