

# Board of Directors Delegated Authority

Category	Current Approval Levels	Proposed Approval Levels	Current Reporting Levels	Proposed Reporting Levels	Impact	Rationale
<b>Existing categories with new approval and reporting levels</b>						
Competitive contract awards and modifications	Board: <b>unlimited</b> Committees: up to <b>\$5M</b> CEO: contract awards up to <b>\$200K</b> Note: CEO may execute contract modifications up to contract value of <b>\$200K</b> .	Board: <b>unlimited</b> Committees: up to <b>\$50M</b> CEO: contract awards up to <b>\$5M for construction contracts and architectural and engineering services, and \$2M for materials, technology, and other services.</b> Note: CEO may execute contract modifications up to contract value of <b>\$5M/2M</b> .	<b>\$100K to \$200K</b> CEO to Board committees <b>quarterly</b>	<b>\$150K/federal threshold to \$5M</b> CEO to Board committees <b>monthly</b>	Board will approve <b>82%</b> of annual procurement dollars (currently 95%) Committees will approve <b>13%</b> of annual procurement dollars ( <i>currently 4%</i> ) CEO will approve <b>5%</b> of annual procurement dollars (currently 1%)	Reduces Board workload by 17% (approx. 18 less actions annually) Reduces Committee final actions by 57% (approx. 42 less actions annually) Increases frequency of reporting of CEO actions up to \$5M to maximize communication and transparency.
Sole source contract awards and modifications	Board: <b>unlimited</b> Committees: <b>none</b> CEO: up to <b>\$100K</b>	Board: <b>unlimited</b> Committees: up to <b>\$50M</b> CEO: up to <b>\$150K/federal threshold</b>	<b>\$10K</b> and above CEO to Board committees <b>quarterly</b>	<b>\$25K</b> and above CEO to Board committees <b>monthly</b>	Board will approve less than <b>one</b> sole-source contract annually (currently 3 annually) Committees will approve <b>3</b> sole-source contracts annually (currently none)	Sole source contracts are less than 0.2% of all dollars. Utilizes the federal "simplified acquisition threshold", as a consistent, published index for administration and reporting.
Proprietary contract awards and modifications	Board: fully delegated to CEO Committees: \$0 CEO: unlimited	<i>(no change)</i>	<b>\$100K</b> and above CEO to Board committees <b>quarterly</b>	<b>\$150K/federal threshold</b> and above CEO to Board committees <b>monthly</b>	<i>(no change except for reporting)</i>	Proprietary contracts are less than 1% of all dollars. They are, primarily, for replacement parts (Operations) and systems support and maintenance (IT).
Agreements (intergovernmental)	Board: <b>unlimited</b> Committees: <b>none</b> CEO: up to <b>\$200K</b> Note: Board approval is required for any agreement that establishes or modifies a Board policy	Board: <b>unlimited</b> Committees: up to <b>\$50M</b> CEO: up to <b>\$5M</b> Note: <b>Rail entities and nonprofits (limited)</b> are new categories under this section.	None	<i>(no change)</i>	Last year there were 27 agreements approved by the Board or committees. With the higher threshold, more of the agreements could be approved by the committees and CEO.	Delegates to committees for agreements that do not establish or modify Board policy or implement the regional plan. Adds rail entities and non-profits (limited) for improved administration.
Real property agreements	Board: <b>unlimited</b> Committees: <b>up to \$5M</b> CEO: up to <b>\$200K</b> , and to committee or Board if lease term exceeds <b>five years</b> regardless of dollar value	Board: <b>unlimited</b> Committees: <b>up to \$5M</b> CEO: up to <b>\$500K</b> , and to committee or Board if lease term exceeds <b>ten years</b> regardless of dollar value	None	<i>(no change)</i>	There are currently 4-5 lease agreements coming to the Board or a committee each year on average. The proposal would reduce the number to 3-4 lease agreements a year on average, with 69% approved by committees.	Increases delegation to the CEO and extend the lease term to reduce Board workload for smaller leases.
<b>Other existing categories with little or no change</b>						
Preliminary project planning activities	CEO: <b>\$200K</b> combined cost	CEO: <b>\$500K</b> combined cost	None	<i>(no change)</i>	The change is not expected to have a notable impact.	Provides flexibility to staff prior to formal establishment of a project budget.
CEO authority to execute contract modifications within Board approved contingency	The CEO may execute change orders within Board approved contingency for <b>capital project</b> contracts	Allow the CEO to utilize approved contingency for <b>any type</b> of contract, not just capital projects	None	<i>(no change)</i>	Enables the Board to establish contingency for any type of contract.	Provides greater flexibility to the Board to establish contingency at the time of contract award.
Emergencies	CEO: Unlimited, CEO must request Board ratification of emergency and	CEO: Unlimited, CEO must request Board ratification of emergency and any emergency purchases or	CEO must keep the Board informed about the emergency and emergency	<i>(no change)</i>	<i>(no change except for reporting)</i>	Increases reporting threshold to match federal threshold to streamline internal processes

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	any emergency purchases or contracts that exceed <b>\$100K</b>	contracts that exceed <b>\$150K/federal threshold</b>	purchases or contracts			
Write-off of uncollectable debts	CEO: <b>\$200K</b>	CEO: <b>\$5M</b>	None	<i>(no change)</i>	The total amount of uncollectable debt written off by Sound Transit is less than \$150K since 2002; annual averages are less than \$10,000.	Increases CEO delegation to match contract approval level.
Betterments (increasing the amount of an executed contract for system expansion)	CEO: Up to \$500K Note: Existing policy authorizes increases to professional services and construction contracts for betterments	CEO: Up to \$500K Note: Existing policy to be consolidated from a Board motion and expanded to include <b>any type of contract</b> , not just professional services and construction	None	<i>(no change)</i>	Limited use of this provision, less than one action a year on average. The change is not expected to have a notable impact.	Provides greater flexibility in the beneficial use of betterments.
Routine expenses of government	CEO: Unlimited when in budget	<i>(no change)</i>	None	<i>(no change)</i>	<i>(no change)</i>	
Legal services	CEO: Unlimited when in budget	<i>(no change)</i>	Quarterly report from General Counsel	<i>(no change)</i>	<i>(no change)</i>	
Claims, settlements, judgments	CEO: Unlimited when in budget	<i>(no change)</i>	None	<i>(no change)</i>	<i>(no change)</i>	
Relocation agreements with public and private utilities	CEO: Unlimited when in budget	<i>(no change)</i>	None	<i>(no change)</i>	<i>(no change)</i>	
Agreements for reimbursable services to others (100% reimbursable)	CEO: Unlimited when in budget	<i>(no change)</i>	None	<i>(no change)</i>	<i>(no change)</i>	
Employee compensation and benefit programs and retirement plans	CEO: Unlimited when in budget	<i>(no change)</i>	None	<i>(no change)</i>	<i>(no change)</i>	
<b>New categories – Exceptions to the CEO’s delegated authority</b>						
<b>Any contract award that establishes or modifies a Board policy must be approved by the Board regardless of dollar value</b>		Board: unlimited Committees: \$0 CEO: \$0		None	The provision is not expected to have a notable impact.	Ensures that the Board provides policy direction for the agency.
<b>The CEO may not execute any contract award for which the proposed term exceeds 15 years including options</b>		Board: unlimited Committees: up to \$50M CEO: \$0		None	The provision is not expected to have a notable impact.	Ensures that contracts are not “evergreen” except for special circumstances.
<b>The CEO may not execute any construction contract award for which the proposed price exceeds the Sound Transit’s cost estimate by 20% or more</b>		Board: unlimited Committees: up to \$50M CEO: \$0		None	Historical data indicates that less than one construction contract per year exceeds the cost estimate by 20% or more.	Provides higher level review of contracts that exceed the engineer’s estimate to ensure that capital projects remain on track.
<b>New category – Addition to the CEO’s delegated authority</b>						
<b>CEO may file applications for grant funding and accept and execute grant awards and agreements with grantor agencies</b>		Board: fully delegated to CEO Committees: \$0 CEO: unlimited		Grant revenues reported as part of the annual update of the financial plan	The Board currently approves an average of 0.8 grant agreements per year that exceed \$200K, these grant approvals would now be delegated to the CEO	Enables the agency to pursue and accept grants to fund agency projects, programs and services (when the CEO determines them to be in the agency’s best interest) while reducing Board workload.