San Francisco Peninsula Rail Program
Downtown Rail Extension (DTX)

Item 6: Consider Advancing the DTX Project Governance Study Recommendations to the TJPA Board of Directors

Executive Steering Committee

August 19, 2022

MOU and Governance Study Mandate

San Francisco Peninsula Rail Program Memorandum of Understanding:

- Fully executed in June 2020
- Established multi-agency governance structure for project development / procurement readiness
- Term is 36 months, or until DTX is "procurement ready" (whichever is earlier)
- Parties may amend, conclude, or extend by mutual agreement

MOU Task 18 (Co-Lead Agencies: MTC, SFCTA)

Explore the best institutional arrangement and governance for the delivery of the DTX Rail Program through construction and make recommendations to TJPA Board:

a) Identify governance structure for delivery, to enable stakeholder **alignment**, effective mega-project **delivery**, **oversight**, independent strategic **advice**, and **assurance**.

b) Recommend governance **structure** for delivery

c) Develop **management structure**, including roles, reporting, and communications

d) Consider **responsibilities** for O&M and rail portion of Salesforce Transit Center

e) Develop **stage gates** and performance protocols

Governance Study & Implementation

Governance Study

Framework & Policy Recommendations

Foundational / policy-level recommendations and overarching governance structure to advance DTX beyond Project Development

Current Milestone

Governance Blueprint

More detailed specification of delivery-phase governance, to elaborate policy recommendations and guide/align to governance implementation tasks

Planned Timeline:
Prepare Draft: through Dec 2022
Revise as Needed: Q1-2023

Governance Implementation

Prepare successor to Peninsula Rail Program MOU → By mid-2023; reviewed/updated periodically (e.g., at stage gates)

Prepare bilateral agency agreements (e.g., Caltrain-TJPA, CCSF-TJPA) → Key terms developed by early 2023; agreements in place prior to Aug 2023

Prepare Program Management Plan → PMP Package for Feb 2023 FTA Submittal

Update PMP → PMP Package for Aug 2023 FTA Submittal

Agency Funding Actions and Oversight → *Timing Varies*

DTX Governance Goals & Objectives

Governance Goals
(the desired outcomes)

Deliver DTX on time.	**Realize planned benefits; avoid, minimize, and mitigate anticipated impacts.**
Deliver DTX within budget.	**Strengthen the region's ability to effectively deliver transit mega-projects.**

Governance Objectives (how to achieve these goals)

Clarity of Purpose – Establish and maintain a clear focus on delivering the project.

Capacity & Capabilities – Deliver the project with expert resources with the required skills and capacity.

Representation & Voice – Provide project partners with voice and say, consistent with their project interests and risk ownership.

Accountability & Authority – Provide decision-making authority in alignment with delegated accountabilities for project outcomes.

Responsiveness & Oversight – Enable timely decision-making, and ensure proper direction and oversight of the project delivery team.

Transparency – Give the public, stakeholders, and partners visibility into the project's progress and opportunities for meaningful engagement.

DTX Governance Context and Essential Elements

Strategic Context for DTX Governance

DTX is a large, **high-risk mega-project** being pursued in a complex **multi-agency environment**, with existing **MOU set to sunset** in 2023.

Essential Elements for DTX Governance

Governance approach for delivery of DTX should:

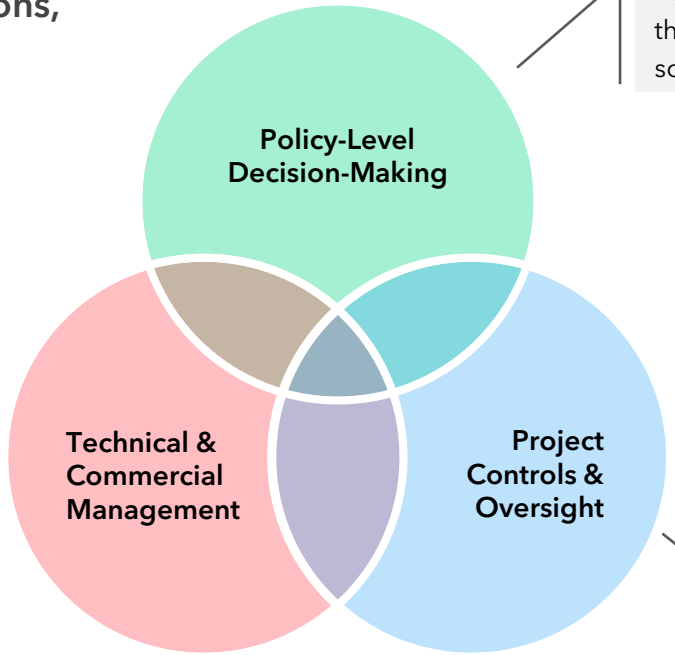
- **Support the Board** in policy-level decision-making
- Enable efficient and informed **management-level decision-making**
- Ensure **project control**, review, and oversight
- Facilitate the active participation of partners to align **steering of the project team** and **proactively address challenges and risks**

Focus of Framework & Recommendations

This deck presents foundational **policy-level recommendations**, with a focus on those related to the broad organization & coordination of partners and best-practice functions for mega-project governance, with continued/**further work to define and codify** structure & requirements.

Mega-Project Governance Functions

DTX Governance Model should provide for a set of inter-related functions, across 3 broad categories:



Functions for **policy-level direction** of the project, including with respect to scope, budget, and outcomes.

Functions for **management of project delivery**, including procurement management, supervision of the project team and contractors, coordination of agency activities, interface management, and management-level decision-making

Functions to monitor and scrutinize project execution, **assure performance**, prepare reporting, and inform decision-making.

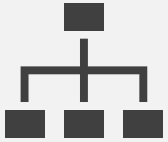
Organization of Recommendations

This presentation provides policy-level recommendations with respect to:

Overall **institutional arrangement**, recommending lead agency for delivery

Critical governance **functions and processes** required to manage and oversee project delivery

Organizational building blocks that structure the governance model



→ **Foundational Recommendation** (#1)

Overall institutional recommendation, identifying the lead agency for project delivery

Primary Recommendations (#2-5)

Other top-line recommendations, including those reflecting DTX's specific context

Supporting Recommendations (#6-10)

Enabling recommendations, including those reflecting mega-project best practice

Overall Institutional Arrangement

Recommendation #1

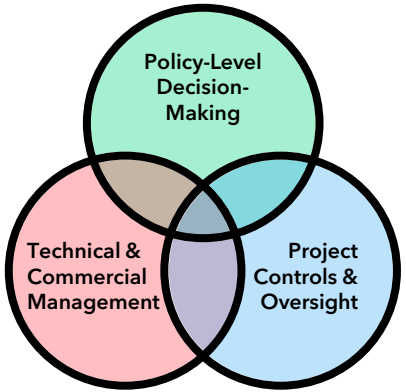
Confirm TJPA as lead agency for DTX procurement and construction, and continue to build the capacity of TJPA and partner agencies for project delivery.

- TJPA has existing legal authority for project delivery, and has the ability to continue to develop capacity to lead delivery of DTX within planned timeline.
- Study's assessment of institutional options (presented to ESC in May 2022) did not find viable alternatives for lead agency role.
- Project delivery will require the coordinated action and decision-making of multiple partner agencies, including the operators and San Francisco.
- Peninsula Rail MOU has set foundation for the coordinated engagement and active involvement of partners in support of successful delivery of DTX; successor to MOU should be prepared, with appropriate delivery-phase modifications and approach to periodically review/update.

Primary Recommendations

The Study's Primary Recommendations focus on DTX's scale and unique context, including consideration of the engagement and involvement of project partners:

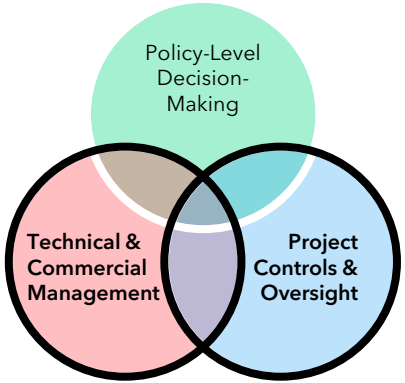
2. Develop a collaborative, **integrated management approach** and core management team, in order to support TJPA, align direction to the multi-agency delivery team, and actively manage risks and challenges.
3. Provide a transparent venue for the development and review of **policy-level recommendations and reporting** to the TJPA Board.
4. Utilize a **stage-gate process** to align decision-making at major milestones and ensure readiness for successive phases of work, and provide for periodic **independent/expert review** and advice.
5. Define/codify governance and management structure through bi-lateral agreements between agencies, a **successor the existing Peninsula Rail Program MOU**, and detailed program management plans.



Supporting Recommendations

The Study's Supporting Recommendations enable the foundational/primary recommendations and reflect key best practices for effective mega-project delivery:

6. Empower project leadership staff through **delegated authorities**, in conjunction with integrated management approach and structured review/oversight processes.
7. Institute process/structure for management and **oversight of configuration and change**, including contractual changes.
8. Embed **risk management and risk review** at all levels, including policy oversight, technical management, and project execution.
9. Prepare **"single-source" project reporting** to provide timely and reliable information to management, partners, and decision-makers.
10. Develop an **integrated project delivery team**, including TJPA staff, consultants, and key partner agency resources/personnel, and pursue **project partnering** to strengthen collaboration.

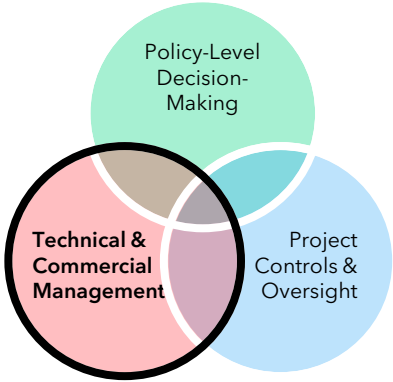


Integrated Management Approach & Team

Recommendation #2

Develop a collaborative, integrated management approach and core management team, in order to support TJPA, align direction to the multi-agency delivery team, and actively manage risks and challenges.

- Active participation of key partners improves ability of multi-agency team to help manage project challenges and risks, as compared to arms-length "oversight"-only approaches.
- Project Director to convene and lead core Integrated Management Team (IMT), with embedded representation from sub-set of key DTX partner agencies.
- Project Director retains direct reporting relationship to TJPA Executive Director, with delegated authorities and decision process requirements to be developed and agreed.

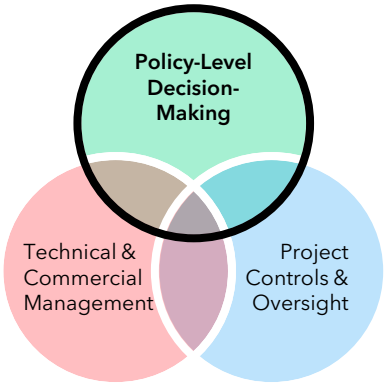


Support to TJPA Board

Recommendation #3

Provide a transparent venue for the development and review of policy-level recommendations and reporting to the TJPA Board.

- Under current MOU, the ESC provides a dedicated and transparent venue for the consideration of policy matters advancing to the TJPA Board.
- Selected collaborative procurement methods (PDB, CMGC) will require continued policy-level decision-making through pre-procurement, procurement, and pre-construction phases.
- Pace and intensity of policy-related decisions will generally decrease as project advances into construction.
- Recommendation could be implemented through continuation of ESC, with updated work program and modified cadence.
- Alternatives include TJPA Board sub-committee approach.

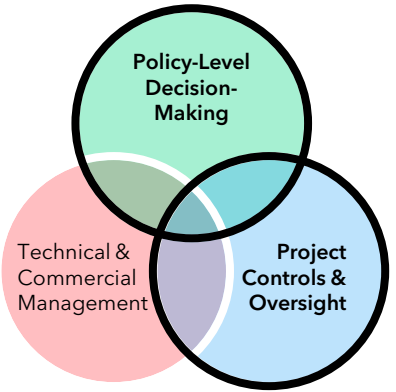


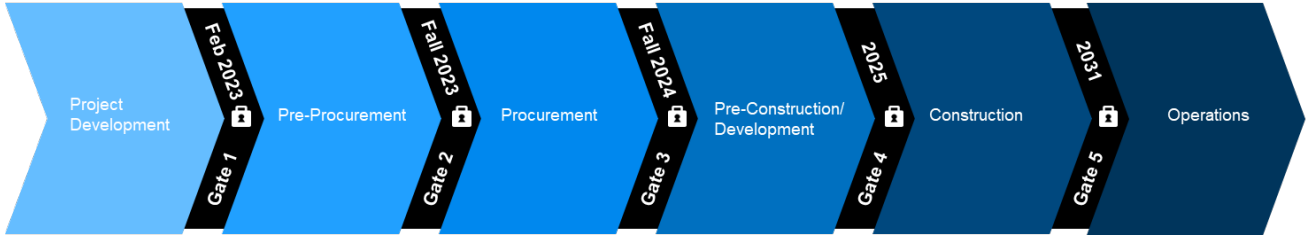
Stage Gates and Independent Review

Recommendation #4

Utilize a stage-gate process to align decision-making at major milestones and ensure readiness for successive phases of work, and provide for periodic independent/expert review and advice.

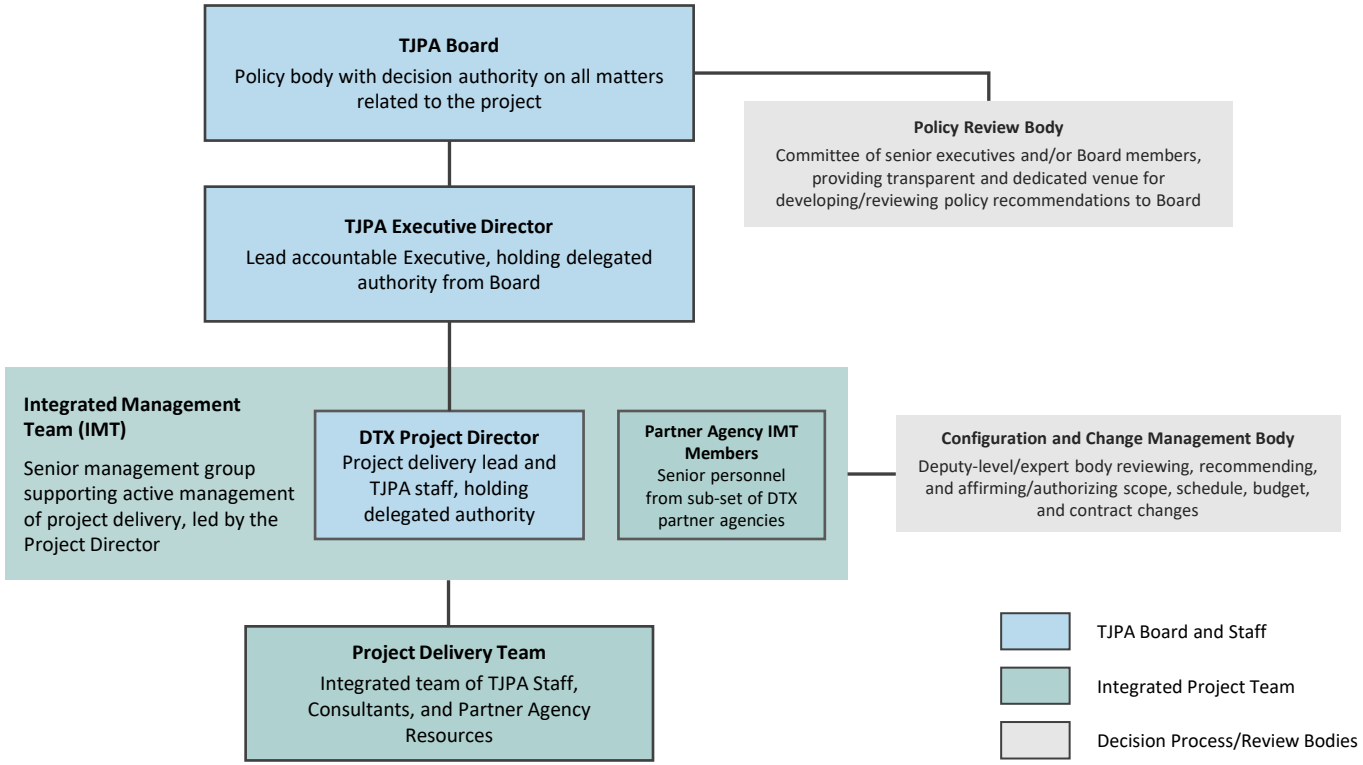
- At each Stage Gate a review of the status of the project should be performed, completeness of all required stage activities should be confirmed, and readiness to advance should be determined.
- TJPA Board would authorize advancement into successive project phases.
- Third-party/expert reviews should be conducted periodically to provide independent advice to management and policy-makers.





Preliminary draft stage gate framework, presented to ESC in May 2022

Recommended Governance Framework for Delivery



Next Steps to Define/Implement Project Governance

Governance Study recommendations to date are intended to guide further work in the following areas, to be brought forward subsequently for review and/or action by relevant parties:

Governance Blueprint – *Follow-up Governance Study deliverable, to provide more detailed definition of delivery-phase governance. Key components:*

- Delineation of **anticipated policy decisions**/decision types by project phase – focus on pre-procurement, procurement, and pre-construction, and on decisions with multi-party scale/impact
- Governance structure organizational design and **composition/reporting of bodies**, including IMT membership and mandate
- Framework for **delegated authorities**; configuration/**change management** procedures and structure
- Further definition of **stage milestones**, inputs, and non-TJPA agency decision requirements; process for periodic **independent review** and expert advice
- **Coordination** of related tasks/agreements and **alignment** with project delivery implementation roadmap

Prepare Draft:
through Dec 2022

Revise as Needed:
Q1-2023

Funding Actions and Oversight Conditions

Agency-level funding decisions and agreements, subject to oversight procedures/protocols

Timing varies

Program Management Plans

Detailed package of plans to document approach to managing delivery, developed as required by FTA

For Feb 2023 & Aug 2023 FTA Submittals

Bi-lateral Agreements

Agreements between TJPA and agencies, including Caltrain (MCA) and CCSF (ICA), to codify agency resourcing, rights, and responsibilities

Key terms by early 2023; executed prior to Aug 2023

Successor to Current MOU

Framework/agreement to succeed existing Peninsula Rail Program MOU

By mid-2023

Recommendation to ESC (1 of 2)

Advance the DTX Governance Study's recommendations to date to the TJPA Board of Directors for approval, consisting of the recommendations to:

1. Confirm TJPA as lead agency for DTX procurement and construction, and continue to build the capacity of TJPA and partner agencies for project delivery.

2. Develop a collaborative, integrated management approach and core management team, in order to support TJPA, align direction to the multi-agency delivery team, and actively manage risks and challenges.
3. Provide a transparent venue for the development and review policy-level recommendations and reporting to the TJPA Board.
4. Utilize a stage-gate process to align decision-making at major milestones and ensure readiness for successive phases of work, and provide for periodic independent/expert review and advice.
5. Define/codify governance and management structure through bi-lateral agreements between agencies, a successor the existing Peninsula Rail Program MOU, and detailed program management plans.

Recommendation to ESC (2 of 2)

Advance the DTX Governance Study's recommendations to date to the TJPA Board of Directors for approval, consisting of the recommendations to:

6. Empower project leadership staff through delegated authorities, in conjunction with integrated management approach and structured review/oversight processes.
7. Institute process/structure for management and oversight of configuration and change, including contractual changes.
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10. Develop an integrated project delivery team, including TJPA staff, consultants, and key partner agency resources/personnel, and pursue project partnering to strengthen collaboration.

Questions?