

## San Francisco Peninsula Rail Program

### Memorandum

To: Executive Steering Committee

From: Stephen Wolf, Metropolitan Transportation Commission  
Jesse Koehler, San Francisco County Transportation Authority

Date: July 21, 2023

Re: Item 6 – Consider Advancing the Integrated Program Management Team’s Governance Blueprint to the TJPA Board of Directors for Approval

---

### RECOMMENDATION

Advance the Integrated Program Management Team’s (IPMT) Governance Blueprint to the TJPA Board of Directors for approval, including recommendations in the following areas:

- Governance Structure and Bodies
- Policy Baseline and Stage Gate Framework
- Change Decision Framework
- Project Reporting Approach
- General Procedures for Decision-Making

### BACKGROUND

The San Francisco Peninsula Rail Program Memorandum of Understanding (MOU) describes, in part, an organizational structure to support the efforts of the TJPA to develop the Downtown Rail Extension (DTX or The Portal) project. This organizational structure includes the Executive Steering Committee (ESC) and the IPMT. The MOU is a six-party agreement among the TJPA, the Peninsula Corridor Joint Powers Board (Caltrain), the California High-Speed Rail Authority (CHSRA), the City and County of San Francisco (CCSF), the Metropolitan Transportation Commission, and the San Francisco County Transportation Authority (SFCTA). The MOU defines a work program intended to bring the project to ready-for-procurement status. A time-only amendment to the MOU was executed in Spring 2023, extending the term of the agreement to December 31, 2023.

#### Governance Study

MTC and SFCTA have co-led the DTX Governance Study, in order to recommend the institutional arrangement and governance structure through construction of the project, as described in the MOU. In September 2022, the TJPA Board approved an initial set of Governance Study recommendations, as recommended by the ESC, as follows:

1. Confirm TJPA as the 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 of policy-level recommendations and reporting to the TJPA Board.
4. Utilize a stage-gate process to align decision-making at major milestones, ensure readiness for successive phases of work, and provide for periodic independent/expert review and advice.
5. Define/codify the governance and management structure through bi-lateral agreements between agencies, a successor to the existing Peninsula Rail Program MOU, and detailed program management plans.
6. Empower project leadership staff through delegated authorities, in conjunction with an 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.

Consistent with these initial recommendations, MTC and SFCTA have worked with IPMT to prepare The Portal Governance Blueprint (Blueprint), which is attached to this memorandum. The Blueprint provides more detailed recommendations regarding the governance approach for procurement and construction of the project. The ESC discussed and provided guidance for the Blueprint at its March, April, and May 2023 meetings.

## **DISCUSSION**

This memorandum summarizes the Blueprint’s recommendations and next steps and provides the IPMT’s recommendation that the ESC advance the Blueprint to the TJPA Board of Directors for approval.

The Blueprint is intended to guide the preparation of a successor to the current MOU (Successor MOU), which is planned for consideration by the TJPA Board in late 2023. The Blueprint focuses on the broad structure for multi-agency collaboration across The Portal partner agencies and does not address individual agencies’ commitments, responsibilities, and decision rights. Multiple bi-lateral agreements between TJPA and partner agencies will be developed to enable implementation of The Portal. These include the Caltrain Master

Cooperative Agreement (MCA) and the CCSF Interagency Cooperation Agreement (ICA). Caltrain's role in the project, as First Operator, will be described in the MCA.

The Blueprint provides recommendations in the following areas:

- Governance Structure Bodies
- Policy Baseline and Stage Gate Framework
- Change Decision Framework
- Project Reporting Approach
- General Procedures for Decision-Making

### Governance Structure and Bodies

The September 2022 initial governance recommendations reflected an indicative structure with multiple governance bodies. The Blueprint recommends a refined governance structure for project delivery, including the following bodies:

- **The Portal Board Committee**, established as a standing committee of the TJPA Board, with representation from Caltrain and San Francisco, and with the ability for MTC to serve as a non-voting member.
- **Executive Working Group**, convened by the TJPA Executive Director, with senior executive representation from the six partner agencies.
- **Change Control Board (CCB)**, serving as decision body to review, recommend, and authorize changes (depending on magnitude) to project configuration and contracts, informed by the project's risk management program.
- **Integrated Management Team (IMT)**, led by the TJPA Project Director, supporting the active management of delivery and aligning management activities across the partners.
- **Project Delivery Team (PDT)**, the integrated team of TJPA staff, consultants, and partner agency resources.

The Blueprint provides recommended parameters for each of these governance bodies, which should be confirmed and elaborated in the Successor MOU. The Policy Review function called for in the September 2022 recommendation is provided for by The Portal Board Committee, supported by the Executive Working Group.

The IPMT recommends the simplified name of CCB for the change body. The CCB would support and provide input to the project's risk management team, including through regular, structured review and discussion of the project's risk register and participation in quarterly risk workshops. Risk management activities occur throughout the project team and governance structure, with the core Risk Management Team sitting within the PDT.

### Policy Baseline and Stage Gate Framework

The Blueprint recommends the use of a Policy Baseline and a Stage Gate Framework to help structure and focus policy-level decision-making. The Policy Baseline is recommended to

consist of five documents, controlled at the Policy Board level: Project Definition, Schedule, Budget, Funding Plan, and Risk Matrix. Actions that are materially inconsistent with the Policy Baseline would generally be matters of policy-level decision-making.

The Blueprint identifies an initial Stage Gate framework, aligned to future phase milestones on the project as follows:

- **Stage Gate #1 – Procurement and Enabling Program:** Initiation of procurement of the project's major contracts, planned to begin with release of bid documents for the Progressive-Design Build (PDB) contract. Procurement and delivery of the Enabling Program will also proceed.
- **Stage Gate #2 – Pre-Construction:** Initiation of the Pre-Construction phase for the project's major contracts, beginning with the PDB.
- **Stage Gate #3 – Construction:** Initiation of the Construction phase of the major contracts, beginning with the PDB.
- **Stage Gate #4 – Operations:** Initiation of Caltrain revenue service.

The project's advancement through Stage Gate #1 is scheduled to proceed under the existing Peninsula Rail MOU; the Successor MOU is planned to be in place for subsequent Stage Gate milestones. The Successor MOU should refine Stage Gates #2-4 and should define more detailed Stage Gate procedures, including review/decision processes and partner agency requirements.

#### Change Decision Framework

The Blueprint describes the broad approach for change decision-making, including a framework for Change Types and recommended change process. This framework contemplates three types of changes:

- **Minor Changes** – consistent with the Policy Baseline and less than a defined threshold; approved at the Project Delivery Team / Project Director level, with reporting to CCB.
- **Significant Changes** – consistent with the Policy Baseline and less than a defined threshold; subject to approval by the CCB.
- **Policy Changes** – changes that significantly alter or threaten the project's planned outcomes, including changes inconsistent with the Policy Baseline; subject to board-level approval.

During implementation of the Blueprint, a more detailed Delegated Authorities Framework should be prepared, including the establishment of specific thresholds for decision-making.

#### Project Reporting Approach

The Blueprint provides recommendations with respect to flow of project information through the governance structure. The key underlying principle is to have a single flow of information up

from the Project Delivery Team to management-level and policy-level decision-makers, with input and review facilitated at each level.

### General Procedures for Decision-Making

The Blueprint describes recommended “General Procedures” for decision-making at each level of the governance structure. These procedures integrate the Blueprint’s recommendations and provide overall guidance and expectations for the relationship of governance bodies to one another and the typical flow of decision-making on the project. The procedures also address emergency situations and instances in which decision items may be advanced directly to the Board level.

### **NEXT STEPS**

The Blueprint identifies recommended steps to advance the proposed governance approach, specifically in the following areas:

- Preparation of the Successor MOU among the six DTX partner agencies
- Establishment of the more detailed Delegated Authorities Framework, including levels/thresholds
- Formation of the governance bodies recommended in the Blueprint

The Portal partner agencies should initiate work to prepare, negotiate, and execute the Successor MOU. Preparation of the Successor MOU should begin by developing and negotiating a draft term sheet by Fall 2023. The Successor MOU (and any future amendments to it) should also be aligned, as appropriate, with the project’s bilateral intergovernmental agreements, including the Caltrain MCA and CCSF ICA.

The CCB should be in place as a decision body no later than the start of construction for the Enabling Program, which is scheduled to be underway in mid-2024. There is also the opportunity for the CCB group to begin convening at an earlier date in order to allow its membership to establish work practices and to provide input and review to the development of more detailed CCB business processes.

### **RECOMMENDATION**

Advance the DTX/The Portal Governance Blueprint to the TJPA Board of Directors for approval.

### **ATTACHMENTS**

1. Presentation Slides
2. The Portal Governance Blueprint – Draft

**San Francisco Peninsula Rail Program**  
**The Portal: Downtown Rail Extension**

**Governance Blueprint**

**DRAFT – July 2023**

# 1. Background and Context

The Downtown Rail Extension (DTX or The Portal) is Phase 2 of the Transbay Program, which is led by the Transbay Joint Powers Authority (TJPA). The Metropolitan Transportation Commission (MTC) and the San Francisco County Transportation Authority (SFCTA) have co-led The Portal Governance Study, in order to recommend the institutional arrangement and governance structure<sup>1</sup> through construction of the project, as described in Task 18 of the San Francisco Peninsula Rail Program Memorandum of Understanding (MOU). The MOU is a six-party agreement among the TJPA, the Peninsula Corridor Joint Powers Board (Caltrain), the California High-Speed Rail Authority (CHSRA), the City and County of San Francisco (CCSF), MTC, and SFCTA (collectively, Partner Agencies and individually, Partner Agency). The MOU defines a project development work program for The Portal and establishes the Integrated Program Management Team (IPMT) and the Executive Steering Committee, to undertake and guide this work program on behalf of the TJPA Board.

## Governance Study Approved Recommendations

In September 2022, the TJPA Board approved an initial set of governance recommendations for The Portal, as recommended by the ESC:

1. Confirm TJPA as the 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 of policy-level recommendations and reporting to the TJPA Board.
4. Utilize a stage-gate process to align decision-making at major milestones, ensure readiness for successive phases of work, and provide for periodic independent/expert review and advice.
5. Define/codify the governance and management structure through bi-lateral agreements between agencies, a successor to the existing Peninsula Rail Program MOU, and detailed program management plans.
6. Empower project leadership staff through delegated authorities, in conjunction with an 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.

---

<sup>1</sup> **Project Governance** means the framework of policies, procedures, and decision-making processes that guide the planning, execution, and delivery of a project, with the aim of ensuring that it is completed on time, within budget, and meets the desired quality standards.

The initial Governance Study recommendations were accompanied by a set of Governance Objectives for The Portal, as follows:

- *Clarity of Purpose* – Establish and maintain a clear focus on delivering the project.
- *Representation and Voice* – Provide project partners with voice and say, consistent with their project interests and risk ownership.
- *Responsiveness and Oversight* – Enable timely decision-making, and ensure proper direction and oversight of the project delivery team.
- *Capacity and Capabilities* – Deliver the project with expert resources with the required skills and capacity.
- *Accountability and Authority* – Provide decision-making authority in alignment with delegated accountabilities for project outcomes.
- *Transparency* – Give the public, stakeholders, and partners visibility into the project’s progress and opportunities for meaningful engagement.

### The Portal Governance Blueprint

The Portal Governance Blueprint (Blueprint) builds on the Governance Study recommendations approved in September 2022. The Blueprint further describes the recommended governance approach for the project through procurement, enabling program, pre-construction, construction, and commissioning (with these phases collectively referred to as “project delivery”). This Blueprint is intended to guide the preparation of a new MOU among The Portal Partner Agencies, to succeed the existing Peninsula Rail MOU that has governed the project during the procurement-readiness work program.

This Blueprint focuses on the broad structure for multi-agency collaboration across The Portal Partner Agencies and does not address individual agencies’ commitments, responsibilities, and decision rights. Multiple bi-lateral agreements between TJPA and Partner Agencies will be developed to enable implementation of The Portal. These include the Caltrain Master Cooperative Agreement (MCA) and the CCSF Interagency Cooperation Agreement (ICA). Caltrain’s role in the project, as First Operator, will be directed by the MCA.

The Blueprint was prepared by MTC and SFCTA, in cooperation with the IPMT and with guidance from the ESC.

### Organization of this Document

The Blueprint provides recommendations in the following five areas:

- Governance Structure and Bodies
- Policy Baseline and Stage Gate Framework
- Change Decision Framework
- Project Reporting Approach
- General Procedures for Decision-Making

This Blueprint addresses each of these topics and closes with a discussion of follow-up activities to implement the recommended governance model.

## 2. Governance Structure and Bodies

Section 2 of the Blueprint presents the overall recommended governance structure for project delivery and describes recommended parameters for each of the new governance bodies.

This Section provides the structure underpinning subsequent sections of the Blueprint. Section 3 and Section 4 describe, respectively, the recommended frameworks for policy decision-making and change decision-making, which the governance bodies are intended to facilitate and fulfill. Section 5 presents the recommended approach to the flow of project reporting across the bodies. Finally, Section 6 of the Blueprint describes recommended procedures for decision-making at each level of project governance.

### Governance Structure

The September 2022 initial governance recommendations reflected an indicative structure with multiple governance bodies. The Blueprint recommends a refined governance structure for project delivery, as shown in Figure 1, below.

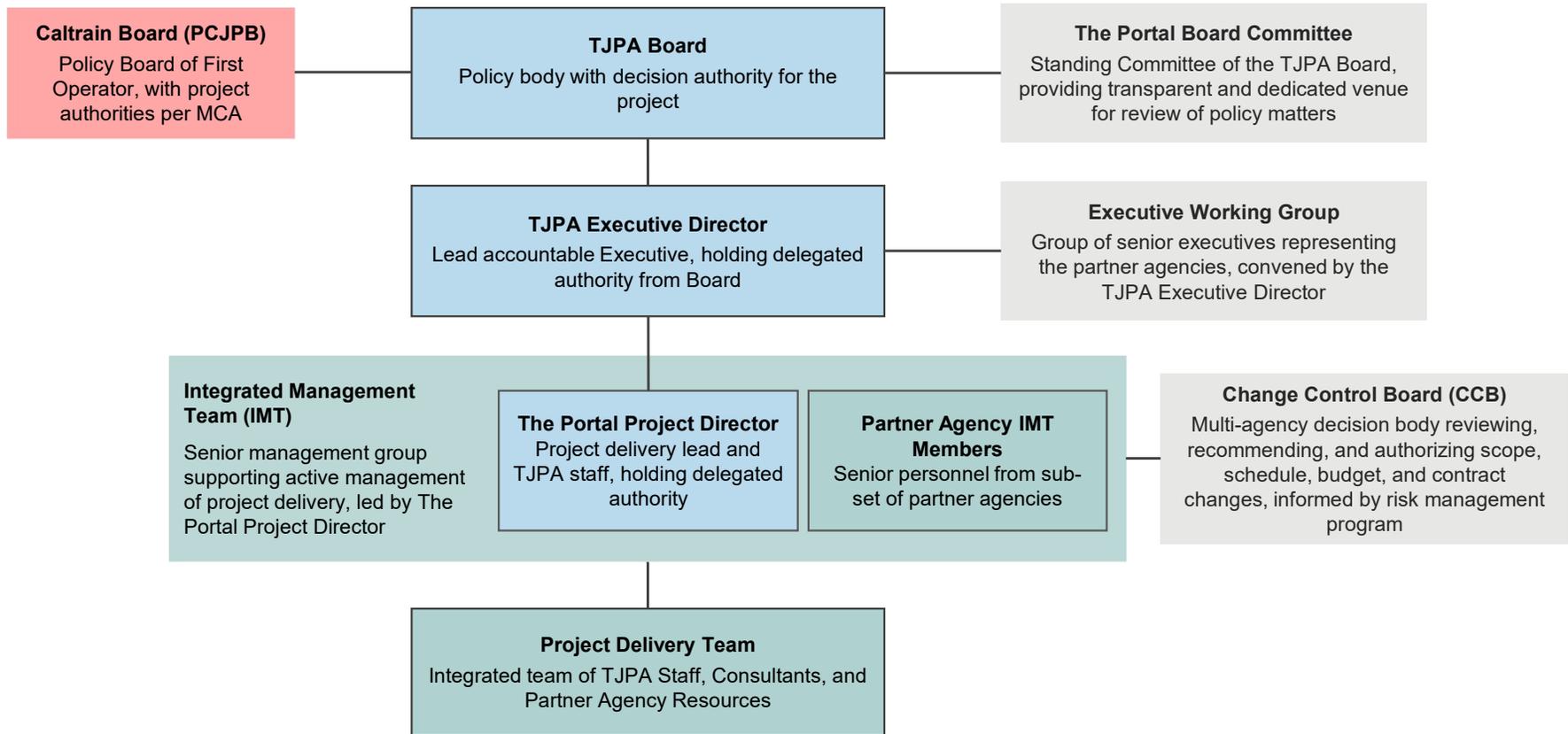
Table 1, below, provides an overview of each of the governance bodies.

**Table 1. Summary Description of Governance Bodies**

Body	Description
TJPA Board	Policy body with decision authority of the project
The Portal Board Committee	Standing Committee of the TJPA Board, providing transparent and dedicated venue for review of policy matters
Executive Working Group	Group of senior executives representing the Partner Agencies, convened by the TJPA Executive Director
Change Control Board	Multi-agency decision body reviewing, recommending, and authorizing scope, schedule, budget, and contract changes, informed by the project's risk management program
Integrated Management Team	Senior management group supporting active management of project delivery, led by The Portal Project Director
Project Delivery Team	Integrated team of TJPA Staff, Consultants, and Partner Agency Resources

The immediately following sub-sections present recommended parameters for The Portal Board Committee, the Executive Working Group, the Change Control Board, and the Integrated Management Team. Subsequent sections of the Blueprint elaborate the functions, decision frameworks, and relationships of these bodies.

Figure 1. Recommended Governance Structure for Project Delivery



## The Portal Board Committee

The TJPA Board holds decision authority on policy matters for The Portal project. The September 2022 initial governance recommendations called for the provision of “a transparent venue for the development and review of policy-level recommendations and reporting to the TJPA Board.”

The Blueprint recommends the establishment of a standing committee of the TJPA Board, referred to as The Portal Board Committee. The Committee would be responsible for reviewing, considering, and recommending Board-level project matters, including those items advancing to the full Board. As a standing committee of the TJPA Board, The Portal Board Committee would hold open meetings.

Table 2, below, presents recommended parameters for The Portal Board Committee.

**Table 2. The Portal Board Committee**

<b>Primary Role/Function</b>	<ul style="list-style-type: none"> <li>Focused policy review, making recommendations to the full TJPA Board for final action</li> </ul>
<b>Supporting Role/Function</b>	<ul style="list-style-type: none"> <li>Conduct oversight of project management and project performance</li> </ul>
<b>Membership</b>	<ul style="list-style-type: none"> <li>To include three voting members</li> <li>To include representation from Caltrain and San Francisco</li> <li>Opportunity for non-voting membership by MTC</li> </ul>
<b>Provides Reports/Recommendations to:</b>	<ul style="list-style-type: none"> <li>TJPA Board</li> </ul>
<b>Receives Reports/Recommendations From:</b>	<ul style="list-style-type: none"> <li>TJPA Executive Director and Project Director</li> <li>Executive Working Group</li> <li>Change Control Board</li> </ul>
<b>Meetings</b>	<ul style="list-style-type: none"> <li>Regular Public Meetings</li> </ul>
<b>Documentation</b>	<ul style="list-style-type: none"> <li>Brown Act notice requirements</li> <li>Formal meeting minutes</li> </ul>

## Executive Working Group

The Blueprint recommends the formation of an Executive Working Group, to facilitate multi-agency collaboration and project support at the executive level. The Group would consist of the Executive Director (or their designee) from each of the Partner Agencies.

The Executive Working Group would be convened by the TJPA Executive Director and would support the executive-level management of the project. The Group would also be responsible for providing policy review support to The Portal Board Committee. The Executive Working Group would meet in closed format or in voluntarily public format, as appropriate.

Table 3, below, presents recommended parameters for the Executive Working Group.

**Table 3. Executive Working Group**

<b>Primary Role/Function</b>	<ul style="list-style-type: none"> <li>Support the executive-level management of the project; solicit, discuss, and apply best practices and lessons learned</li> <li>Provide policy review/oversight support to the Board Committee, including review of action items advancing to the Committee</li> </ul>
<b>Supporting Role/Function</b>	<ul style="list-style-type: none"> <li>Review/resolve issues escalated from the IMT</li> </ul>
<b>Membership</b>	<ul style="list-style-type: none"> <li>Executive Director (or designee) from the six Partner Agencies</li> <li>Convened by, and under the authority of, the TJPA Executive Director; all members may agendaize items for the Working Group’s consideration</li> </ul>
<b>Provides Reports/Recommendations to:</b>	<ul style="list-style-type: none"> <li>Board Committee</li> </ul>
<b>Receives Reports/Recommendations From:</b>	<ul style="list-style-type: none"> <li>Project Director / IMT</li> <li>Change Control Board</li> </ul>
<b>Meetings</b>	<ul style="list-style-type: none"> <li>Typical quarterly meeting frequency, with additional meetings as necessary or requested by membership</li> <li>To meet in closed format or in voluntarily public format, as appropriate</li> </ul>
<b>Documentation</b>	<ul style="list-style-type: none"> <li>Record of deliberations and recommendations, including representation of minority views when applicable</li> </ul>

**Change Control Board**

The Blueprint recommends the formation of a Change Control Board (CCB), with this body reviewing and controlling project changes, including contractual and configuration changes.

Risk management and contingency management are functions closely related to the management of project changes. Certain change decisions reflect the materialization of project risks, and change decisions will often draw on contingency funds. As such, the Blueprint recommends that the CCB receive and review project risk reporting on a regular basis. The CCB should also receive timely reporting on budget and contingency.

The CCB would have representation from The Portal’s Partner Agencies. The Blueprint does not make detailed recommendations regarding voting procedures for the CCB; such detailed procedures should be codified in the Successor MOU. At the level of principles, the Blueprint recommends the following:

- The CCB should strive for consensus decision-making.
- Decision procedures should provide for clear escalation pathways to resolve conflict.
- CCB decision-making should respect the differential risk profile and risk ownership of individual agencies (e.g., TJPA as lead agency and FTA grantee; Caltrain as first operator; CHSRA as future operator; funding agencies holding financial risk; and CCSF as host jurisdiction and as

owner/operator of certain existing assets and future/project assets such as streets and utilities; etc.).

Table 4, below, presents recommended parameters for the CCB.

**Table 4. Change Control Board**

<b>Primary Role/Function</b>	<ul style="list-style-type: none"> <li>Review, recommend, or authorize project changes, including changes to configuration and contracts</li> <li>Monitor changes implemented below CCB approval thresholds</li> </ul>
<b>Supporting Role/Function</b>	<ul style="list-style-type: none"> <li>Provide external input and advice to Risk Management Team: regularly review risk reporting, including project risk register; participate in quarterly risk workshops</li> <li>Support identification of policy matters requiring consideration by other governance bodies</li> <li>Provide staff-level review of items advancing to Executive Working Group</li> </ul>
<b>Membership</b>	<ul style="list-style-type: none"> <li>Composed of senior technical representation from the Partner Agencies</li> <li>FTA PMOC invited to attend meetings</li> <li>Chair and Vice Chair elected by membership</li> </ul>
<b>Provides Reports/Recommendations to:</b>	<ul style="list-style-type: none"> <li>TJPA Board / Board Committee</li> <li>Executive Working Group</li> </ul>
<b>Receives Reports/Recommendations From:</b>	<ul style="list-style-type: none"> <li>Project Director / Integrated Management Team</li> </ul>
<b>Meetings</b>	<ul style="list-style-type: none"> <li>The CCB should meet at least monthly, with the initial CCB group to recommend a proposed meeting structure/cadence</li> <li>Convened in closed, staff-level format</li> </ul>
<b>Documentation</b>	<ul style="list-style-type: none"> <li>Written record of CCB decision-making</li> <li>Reports/recommendations to other bodies, as required or requested</li> </ul>

**Integrated Management Team**

The Blueprint recommends the formation of an Integrated Management Team (IMT), to support TJPA in the active management of project delivery. The IMT would consist of senior managers from a subset of the Partner Agencies with the basis/need and capacity to participate at this level of project management. The IMT is intended to integrate/coordinate management-level activities across the agencies; to remove roadblocks and marshal resources; and to provide early/ongoing visibility into project status, issues, and risks.

The IMT would be led by the TJPA Project Director, and non-TJPA members would hold dual reporting obligations with the project and their home organizations. The IMT as a group would not have direct decision authority. Certain IMT member agencies will have specific decision rights established through bilateral agreements with TJPA. The IMT’s processes and procedures should be consistent with such agreements, including the Caltrain MCA and the CCSF ICA.

Table 5, below, presents recommended parameters for the IMT.

**Table 5. Integrated Management Team**

<b>Primary Role/Function</b>	<ul style="list-style-type: none"> <li>• Integrate/coordinate activities and commitments across agencies</li> <li>• Solve problems, remove roadblocks, and marshal resources</li> <li>• Align direction to the Project Delivery Team</li> </ul>
<b>Supporting Role/Function</b>	<ul style="list-style-type: none"> <li>• Support management of risks and issues</li> <li>• Provide input to regular project reporting</li> </ul>
<b>Membership</b>	<ul style="list-style-type: none"> <li>• Led by Project Director, with senior management-level representation from a subset of Partner Agencies with the basis/need and capacity for participation</li> </ul>
<b>Provides Reports/Recommendations to:</b>	<ul style="list-style-type: none"> <li>• Executive Working Group</li> <li>• Members hold dual reporting to their home organizations</li> </ul>
<b>Receives Reports/Recommendations From:</b>	<ul style="list-style-type: none"> <li>• Project Delivery Team</li> </ul>
<b>Meetings</b>	<ul style="list-style-type: none"> <li>• Regular meetings, to provide timely visibility into project activities and facilitate project management integration</li> </ul>
<b>Documentation</b>	<ul style="list-style-type: none"> <li>• Summary meeting notes reflecting outcomes and action items</li> <li>• Reports/recommendations to other bodies, as required or requested</li> </ul>

### 3. Policy Baseline and Stage Gate Framework

A critical function of The Portal project governance model will be to control the project scope, budget, and outcomes throughout delivery. Section 3 of the Blueprint recommends the use of a Policy Baseline and a Stage Gate Framework to help structure and focus policy-level decision-making, in support of the delegation of management-level decision-making.

#### Policy Baseline

The Blueprint recommends that a Policy Baseline be established, with this Policy Baseline controlled at a policy level (i.e., Board level). The Policy Baseline should describe the scope, schedule, budget, funding plan, and risk allocation for the project. The Policy Baseline should be consistent with the full/complete Project Baseline prepared for the Federal Transit Administration (FTA).

A limited set of Policy Baseline documents is recommended, with these documents drawing on existing project documents where applicable. Table 6, below, describes each of the recommended Policy Baseline documents.

**Table 6. Policy Baseline Documents**

Document	Basis	Description
Policy Baseline Project Definition	<ul style="list-style-type: none"> <li>Existing documentation, including approved environmental documents and material prepared for the Federal Transit Administration (FTA)</li> <li>Design criteria/requirements</li> <li>Service plan</li> </ul>	Summary description of the project scope, including project objectives, major design requirements, overall configuration, and service plan for revenue service.
Policy Baseline Schedule	<ul style="list-style-type: none"> <li>Master Schedule</li> </ul>	Milestone schedule indicating target dates of major milestones, consistent with the Master Schedule.
Policy Baseline Budget	<ul style="list-style-type: none"> <li>Detailed Project Budget</li> </ul>	Project budget describing expenditures at the level of major cost categories, consistent with the more detailed budget developed at an individual cost category level.
Policy Baseline Funding Plan	<ul style="list-style-type: none"> <li>20-Year Financial Plan</li> </ul>	The capital funding plan and operations and maintenance (O&M) funding plan.
Policy Baseline Risk Matrix	<ul style="list-style-type: none"> <li>Approved Project Delivery Strategy</li> <li>Project Risk Register</li> </ul>	Matrix describing major risks and risk categories, with planned risk ownership/allocation and mitigation approach.

Policy Baseline documents should be established through action of the TJPA Board. Subsequent changes to Policy Baseline documents would also be matters of TJPA Board decision-making. The Caltrain Board should also have a role in the Policy Baseline as appropriate and agreed.

Actions that are materially inconsistent with the Policy Baseline would generally be matters of policy-level decision-making. At project Stage Gates (as discussed below), the Policy Baseline should be reviewed and updated as required.

### Stage Gates

The September 2022 initial governance recommendations called for the utilization of “a state-gate process to align decision-making at major milestones, ensure readiness for successive phases of work, and provide for periodic independent/expert review and advice.

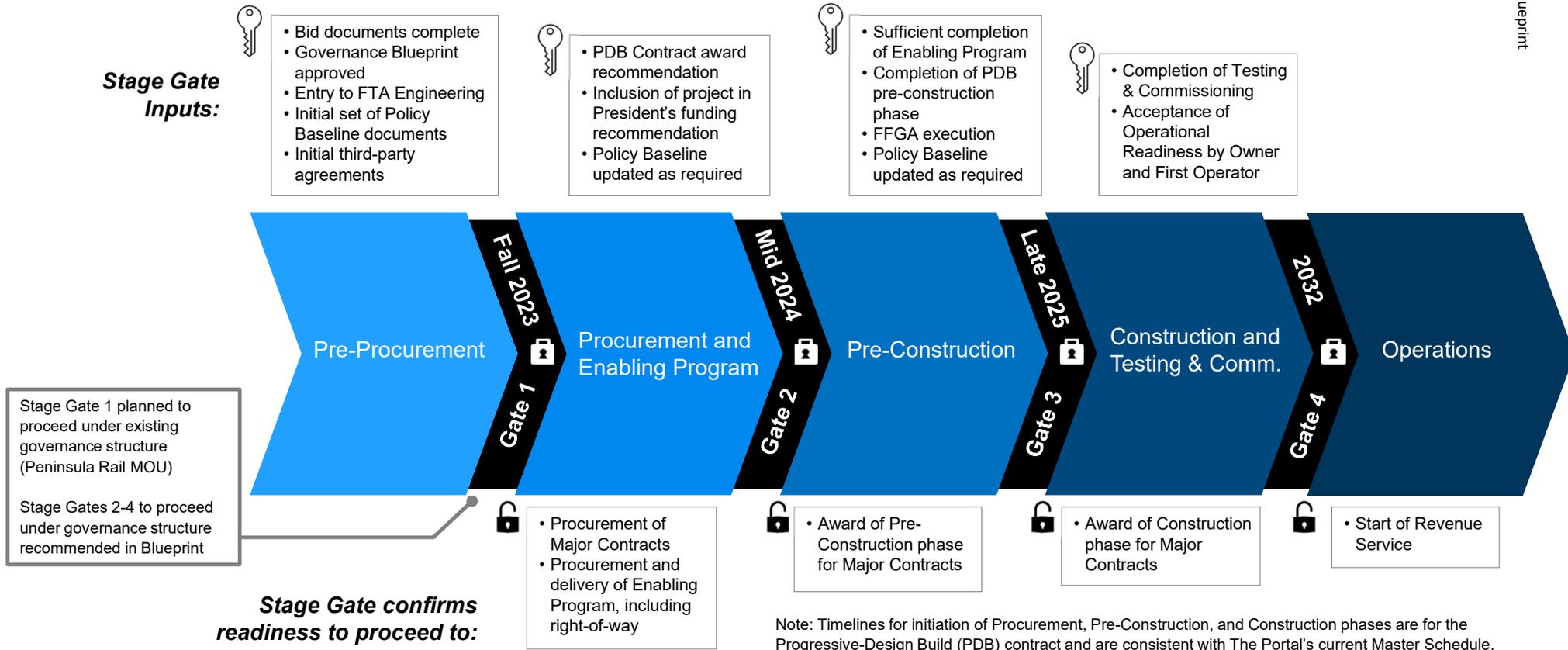
Each Stage Gate should have a limited set of expected precedent deliverables or milestones. At each Stage Gate, an assessment of project readiness should be prepared by the Project Delivery Team, with input and review from supporting governance bodies. Ultimately, the TJPA Board would grant approval to proceed to the next phase of the project and authorize any specific associated actions as required. Certain Stage Gate milestones may require precedent or concurrent decision-making by other agencies or parties (e.g., FTA, Caltrain, etc.).

The Blueprint identifies an initial Stage Gate framework, as shown in Figure 2, below. This framework is organized around the following project milestones:

- Stage Gate #1 – Procurement and Enabling Program: Initiation of procurement of the project’s Major Contracts, planned to begin with release of bid documents for the Progressive-Design Build (PDB) contract. Procurement and delivery of the Enabling Program will also proceed.
- Stage Gate #2 – Pre-Construction: Initiation of the Pre-Construction phase for the project’s Major Contracts, beginning with the PDB.
- Stage Gate #3 – Construction: Initiation of the Construction phase of the Major Contracts, beginning with the PDB.
- Stage Gate #4 – Operations: Start of revenue service.

The project’s advancement through Stage Gate #1 is scheduled to proceed under the existing Peninsula Rail MOU; the Successor MOU is planned to be in place for subsequent Stage Gate milestones. The Successor MOU should refine Stage Gates #2-4 and should define more detailed Stage Gate procedures, including review/decision processes and Partner Agency requirements.

Figure 2. Draft Stage Gate Framework



## 4. Change Decision Framework

Throughout the life of the project, including during procurement and construction, the need for changes will occur. These include changes from what was previously approved with respect to project configuration and project contracts. Project changes must be carefully controlled to ensure that the desired project scope is delivered and the impacts of change decisions on the rest of the project and its stakeholders are well understood. Section 4 of the Blueprint describes the framework for change decision-making, including a framework for Change Types and the broad recommended change process. During implementation of the Blueprint, a more detailed Delegated Authorities Framework should be prepared, including the establishment of specific thresholds for decision-making.

### Change Types

The Blueprint recommends that The Portal's change management/decision process classify changes in three categories, as shown in Table 7, below.

**Table 7. Change Type Framework**

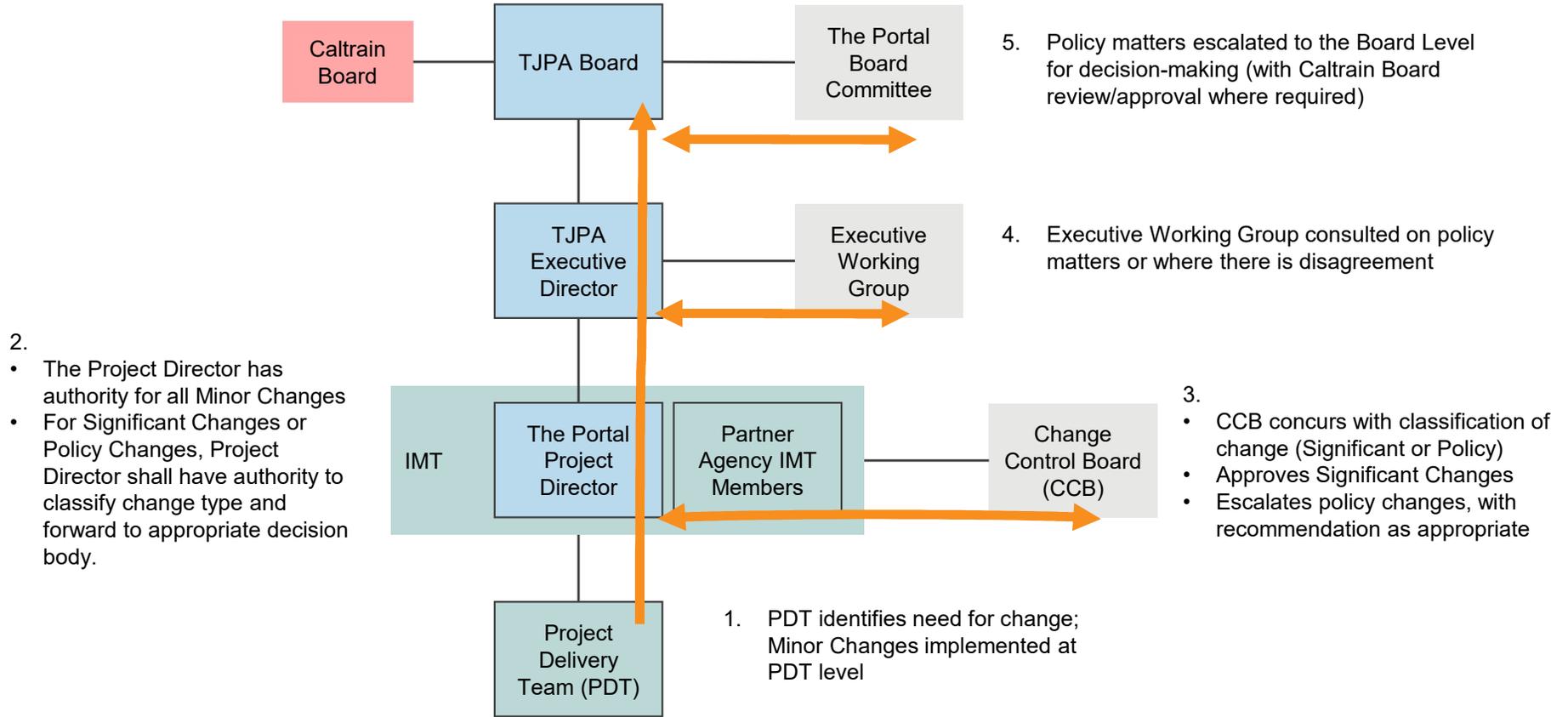
Change Type	Definition	Decision Authority
<b>1. Minor Change</b>	A change that does not conflict with the Policy Baseline and is less than a defined threshold.	<ul style="list-style-type: none"> <li>Project Delivery Team, with all changes reported to CCB</li> </ul>
<b>2. Significant Change</b>	A change that does not conflict with the Policy Baseline and is more than a defined threshold.	<ul style="list-style-type: none"> <li>CCB</li> <li>Delegated Authorities Framework should consider need for final approval of very large Significant Changes by TJPA Executive Director or TJPA Board.</li> </ul>
<b>3. Policy Change</b>	A change that significantly alters or threatens the planned outcomes of the project, including all changes that are materially inconsistent with the Policy Baseline.	<ul style="list-style-type: none"> <li>TJPA Board, with recommendation by CCB</li> <li>Where required: approval by other agency with decision authority, per governing agreements (e.g., MCA)</li> </ul>

### Change Decision Escalation Pathway

Changes may originate throughout the project organization including from stakeholder requests, revisions by the design team, and contractor requests. Regardless of the source, a member of the Project Delivery Team should be responsible for coordinating the change through the appropriate review and approval process, with changes documented using a consistent template.

Table 7, above, describes the recommended decision authority for each change type. Figure 3, below, illustrates the typical escalation pathway for change decision-making, consistent with the recommended decision authorities. Procedures for change-related decision-making are further described in Section 6, below.

Figure 3. Change Decision Escalation Pathway



## 5. Project Reporting Approach

Timely, accurate, and accessible project information is essential to effective decision-making at all levels. Section 5 of the Blueprint provides recommendations with respect to flow of project information through the governance structure.

### Project Status Reporting

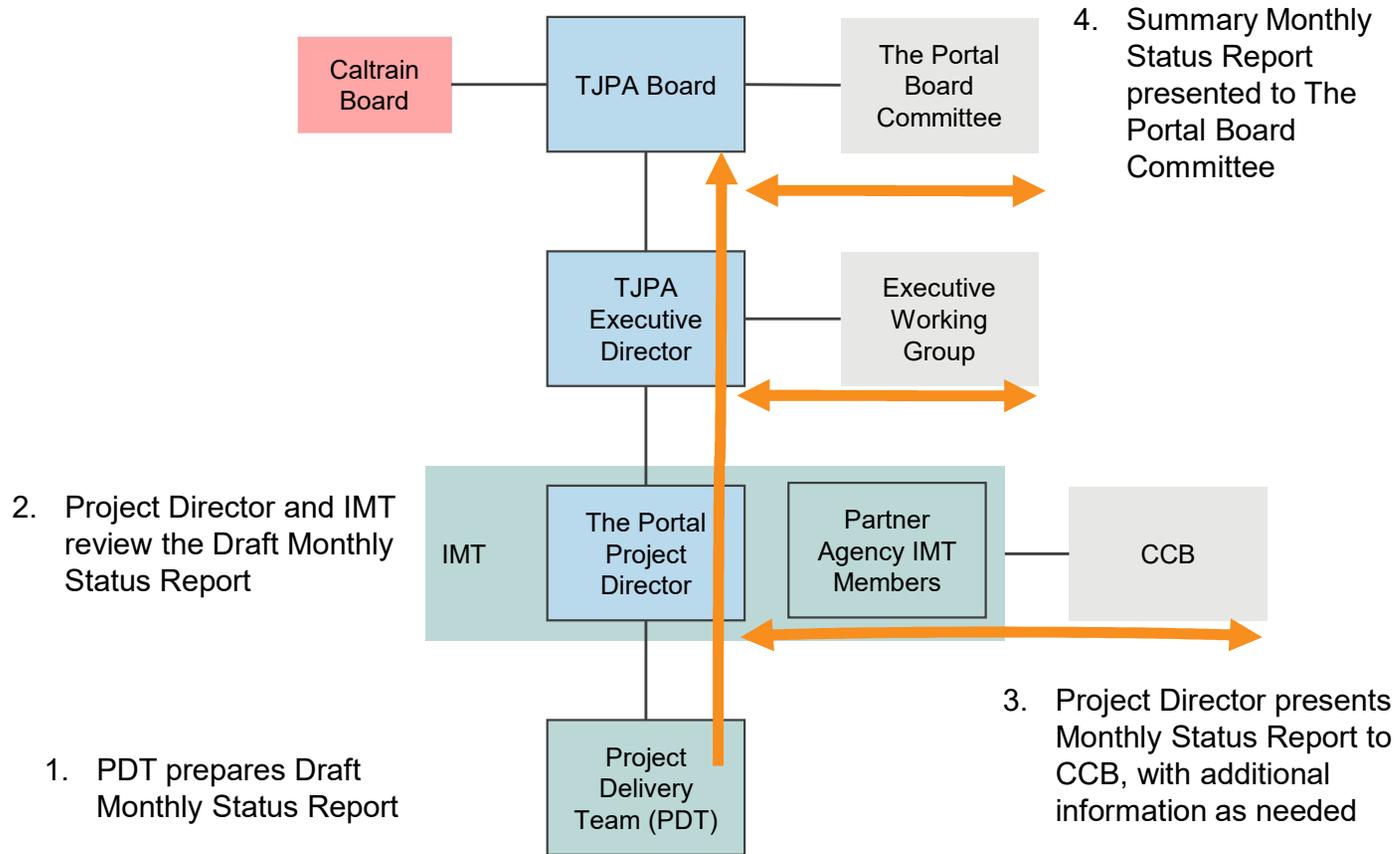
The Project Status Report should be consistent with the requirements of FTA and supplemented as necessary to meet the needs of The Portal's governance bodies.

Figure 4, below, illustrates the pathway for development and review of the Project Status Report. The key underlying principle is to have a single flow of information up from the Project Delivery Team to management-level and policy-level decision-makers, with input and review facilitated at each level.

A detailed Project Status Report will be prepared by the Project Delivery Team on a monthly basis. As shown in Figure 4, the Project Director and IMT will review the draft Status Report and provide input as required. The Project Director would be responsible for approving the report. The Project Director (or their delegate) will present the Status Report to the CCB; the CCB presentation should include any other material or information reasonably requested by the CCB to enable the body to fulfill its functions.

A summary version of the Status Report should be prepared and presented to The Portal Board Committee (or otherwise provided to the Committee on months where the Committee does not meet), with this report also made available to the full TJPA Board.

Figure 4. Project Status Report: Development/Review Pathway



## 6. General Procedures for Decision-Making

Section 6 of the Blueprint describes recommended “General Procedures” for decision-making at each level of the governance structure. These procedures integrate the recommendations of the above sections and are intended to provide overall guidance and expectations for the relationship of governance bodies to one another and the typical flow of decision-making on the project. In addition, the procedures include consideration of emergency situations and instances in which decision items may be advanced directly to the Board level.

### General Procedures: The Portal Project Director and Integrated Management Team

#### **The Portal Project Director and IMT:**

- The Project Director will be responsible for making project management decisions.
- The Project Director shall consult regularly with the Integrated Management Team (IMT), and the IMT shall advise and support the Project Director in management-level decision-making.
  - The Project Director shall be transparent with IMT and responsive to IMT member inquiries.
  - The IMT shall be readily available to advise and support the Project Director.
- Partner Agency IMT members shall have appropriate qualifications and shall be sufficiently dedicated to the project to keep pace with the project and its decision-making.
  - Partner Agency IMT members shall work to mobilize resources, decisions, and information from within their home organizations, in order to advance the project.
- Partner agencies shall retain all such authorities and decision rights that are provided for in relevant agreements, including the MCA and ICA.

### General Procedures: Change Control Board

#### **CCB:**

- Minor Changes approved and implemented at the PDT/PD level, with reporting to CCB.
- The CCB will approve Significant contract changes above agreed thresholds. Where Board approval is required, the CCB shall make recommendations to the Board.
- The CCB will monitor changes approved below these thresholds.
- The CCB will review and approve changes to configuration. Configuration Changes that are of a policy nature shall be advanced to the Board level for approval.

### General Procedures: TJPA Executive Director and Executive Working Group

#### **TJPA Executive Director and Executive Working Group:**

- The Executive Director will be responsible for bringing forward items to the Portal Board Committee and the full TJPA Board

- The Executive Working Group (EWG) shall be readily available to advise and support the Executive Director.
- For decision items advancing to the Board Committee or to the full Board, the TJPA Executive Director shall consult or inform the EWG. The nature of EWG engagement and review will be dependent on the type and magnitude of the item at hand:
  - *EWG Consulted* – Policy decisions, including approval/revision to Policy Baseline Documents, policy-level changes to contracts and configuration, dedication of program reserve funds, and other policy matters.
  - *EWG Informed* – Non-policy decisions, including “Significant” contract changes, administrative matters, etc.
- For policy items, EWG review would generally occur through a minuted meeting of the EWG. The EWG will convene on an immediate/urgent basis as necessary. The TJPA Executive Director may advance items directly to Board level if the EWG is unable to convene in a timely manner.
- The EWG will support resolution of disagreements and decision impasses at the IMT and CCB.

### General Procedures: TJPA Board and The Portal Board Committee

#### **TJPA Board and The Portal Board Committee:**

- The Portal Board Committee shall review decisions considered to be policy matters, including approval of (and revisions to) Policy Baseline documents.
  - The PBC provides for a focused review of such matters, which are then generally referred to the full TJPA Board for approval.
- Board-level items/actions that are identified as non-policy matters may proceed directly to the TJPA Board for consideration/action. This would include:
  - Award/amendment of contracts that are consistent with the policy baseline
  - Approval of very large Significant Changes, to the extent Board approval is required
  - Other administrative matters

### General Procedures: Other Agency Boards

#### **Other Agency Boards:**

- Items for which the Caltrain Board is the responsible or co-responsible decision authority (per the future MCA) shall require approval by the Caltrain Board.
  - The Caltrain representatives to the IMT and EWG shall be responsible for working to facilitate this decision process, in coordination with TJPA staff.
- To the extent other Partner Agency Board decisions are required, an analogous process would be followed, with IMT/EWG representatives responsible for facilitating this process, working in coordination with TJPA staff.

## General Procedures: “Direct to Board” and Emergencies

### **“Direct to Board” and Emergencies:**

- The TJPA Executive Director retains the authority to directly bring forward decision items to The Portal Board Committee and/or the full TJPA Board at any time.
  - If an item is brought forward directly to the Board-level due to an emergency situation where delay is unacceptable, the TJPA Executive Director shall:
    - Identify the emergency situation in TJPA staff’s written report/memo to the Board;
    - Report back to the CCB and EWG in a timely fashion, with reconciliation decisions as required.
  - If EWG and/or CCB review has taken place, but the TJPA Executive Director brings forward a recommendation different from than the course of action recommended by EWG/CCB, this disagreement shall be noted in TJPA staff’s written report/memo to the Board.
- In emergency situations (e.g., to protect health and safety), the Executive Director and Project Director shall have the responsibility and authority to take immediate required actions. In such cases:
  - The Executive Director shall promptly inform the TJPA Board Chair and Vice Chair, The Portal Board Committee Chair, and the EWG.
  - The Project Director shall promptly inform the IMT.
  - TJPA Staff shall bring forward reconciliation decision items, where required, through normal processes, including documentation of the emergency situation and the rationale for taking immediate action.

## 7. Governance Implementation

The Portal project partners should act quickly to establish the governance structure identified in the Blueprint. Section 7 briefly reviews key areas of follow-up work to pursue the recommendations of the Blueprint. Specifically, this section discusses the preparation of the Successor MOU; the development of the more detailed Delegated Authorities Framework; and considerations for the formation of new governance bodies.

### Successor MOU

The existing Peninsula Rail MOU is intended to bring the project to “ready-for-procurement” status. In Spring 2023, a time-only amendment of the MOU was executed, extending the term of the agreement to December 31, 2023.

To implement the Blueprint and govern multi-agency cooperation during project delivery, The Portal Partner Agencies should immediately initiate work to prepare, negotiate, and execute a new multi-party MOU (the Successor MOU) to succeed the Peninsula Rail MOU. The Successor MOU should codify the new governance structure and broadly describe the planned multi-agency work program for the project through construction and commissioning. Preparation of the Successor MOU should begin by developing and negotiating a draft term sheet by Fall 2023.

The Successor MOU should formalize Partner Agency agreement with the Delegated Authorities Framework discussed immediately below. The Successor MOU (and any future amendments to it) should also be aligned, as appropriate, with the project’s bilateral intergovernmental agreements, including the Caltrain MCA and CCSF ICA.

### Delegated Authorities Framework

A set of clear business rules is required to specify the use of delegated authorities and align with decision procedures at each level/body. Within these business rules, specific dollar/percentage value thresholds should be set for each change/action type. This Delegated Authorities Framework will require approval by the TJPA Board and should be incorporated into the Successor MOU. The Framework is recommended to reflect the following principles:

- The “Minor” dollar value threshold should be set high enough to allow for rapid decision-making on matters that are not related to policy and do not significantly impact the project budget.
- The CCB should have the ability to consider multiple change decisions together where those decisions stem from the same core issue as well as any decision that exceeds defined aggregate thresholds. Disputes related to classification of changes may be escalated to the Executive Working Group.
- The Delegated Authorities Framework should consider the need for final approval of very large Significant Changes by the TJPA Executive Director or TJPA Board.
- The Framework should describe the approach to review/approve changes resulting in cost *savings*, including where such savings are the result of revised scope.
- Consideration of O&M cost impacts/savings should be provided for in cases where a contemplated change would have material impact on such costs.
- Changes requiring the use of Program Reserve funds shall require TJPA Board approval, regardless of nature or size.

### Formation of Recommended Governance Bodies

The establishment of the delivery-phase governance structure will require a transition and start-up period in order to form new governance bodies, implement/develop business processes, and build strong working relationships within and across governance bodies. The Portal Board Committee and its membership will be established through action of the TIPA Board.

The CCB should be in place as a decision body no later than the start of construction for the Enabling Program, which is scheduled to be underway in mid-2024. There is also the opportunity for the CCB group to begin convening at an earlier date in order to allow its membership to establish work practices and to provide input and review to the development of more detailed CCB business processes.

# San Francisco Peninsula Rail Program Executive Steering Committee

**Downtown Rail Extension (DTX) now also known as The Portal**

Item #6: Consider Advancing the Integrated Program Management Team's DTX/The Portal Governance Blueprint to the TJPA Board of Directors for Approval

July 21, 2023



# Background

- Initial Governance Study recommendations approved by TJPA Board in September 2022, as recommended by IPMT and ESC
- MTC/SFCTA prepared The Portal Governance Blueprint to build on approved recommendations and provide guidance to Successor MOU
  - ESC provided input and guidance at March, April, and May ESC meetings
  - IPMT discussed governance over the course of 6 meetings from March through July, including review of example decision processes and discussion of precedent projects
- Complete Blueprint recommended by IPMT for ESC consideration
- Today's presentation focuses on:
  - Blueprint structure and approach
  - Refinements to Blueprint recommendations since the May ESC meeting
  - Next Steps / Implementation Activities

# Approach to Blueprint Recommendations

- Re-organized Blueprint report prepared, to reflect ESC input/guidance and IPMT discussion/recommendations
- Document focused on collaboration and decision-making across the 6 Partner Agencies, to provide guidance on Successor MOU
- Blueprint generally does not address individual agencies' commitments, responsibilities, and decision rights
- Recommendations intended to confirm overall structure and the flow of information and decisions through this structure

## Blueprint Sections:

- Governance Structure and Bodies
- Policy Baseline and Stage Gate Framework
- Change Decision Framework
- Project Reporting Approach
- General Procedures for Decision-Making

# What's covered by the Blueprint recommendations?

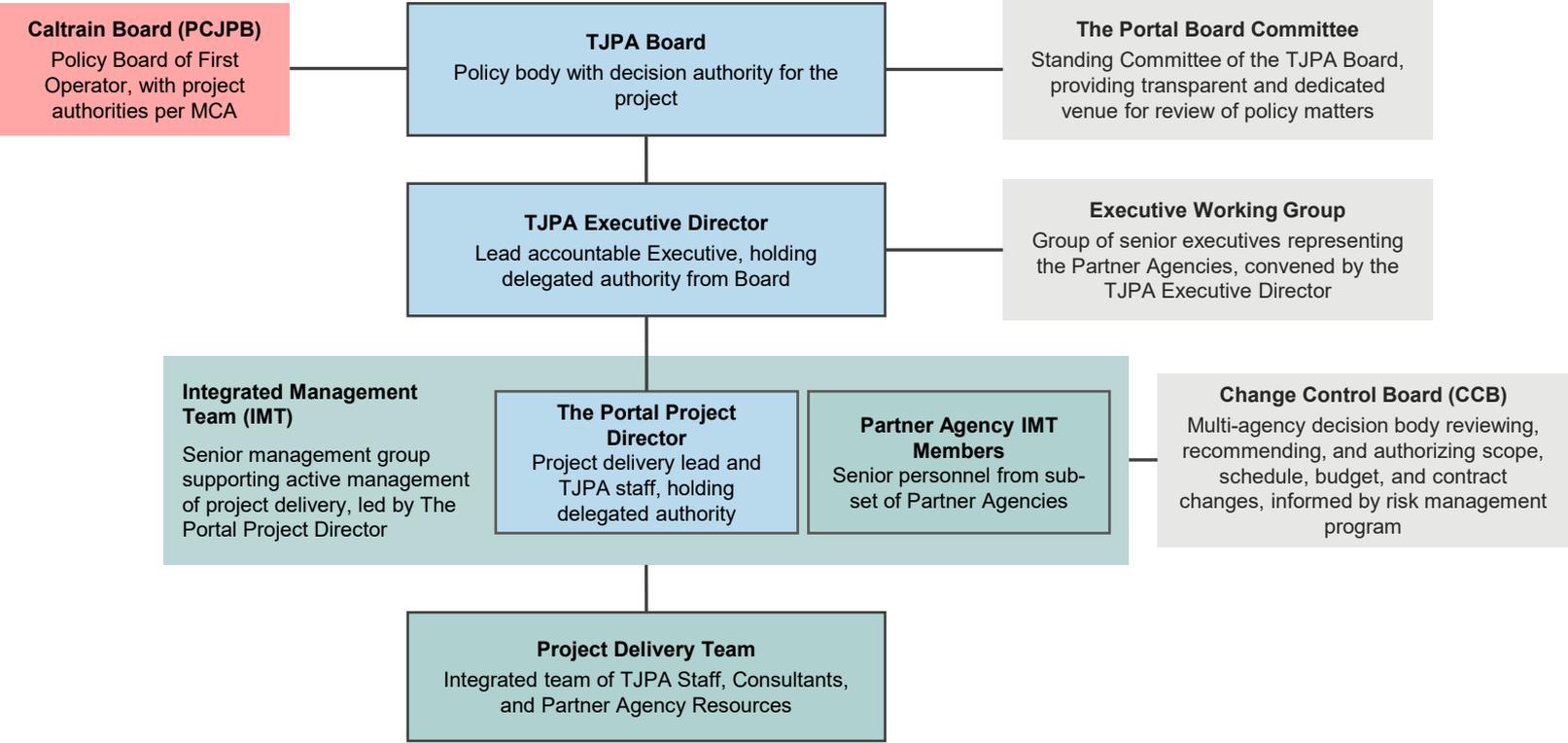
Topic	Recommended in Blueprint	Follow-up Work
<b>1. Governance Structure and Bodies</b>	<ul style="list-style-type: none"> <li>• Overall governance structure</li> <li>• Representation on Board Committee, Executive Working Group, and Change Control Board</li> <li>• Approach to documentation at each body</li> </ul>	<ul style="list-style-type: none"> <li>• Detailed procedures for decision-making, including voting procedures for Change Control Board</li> <li>• Initial formation of governance bodies</li> </ul>
<b>2. Policy Baseline and Stage Gate Framework</b>	<ul style="list-style-type: none"> <li>• Purpose of Policy Baseline; identification of specific Policy Baseline documents</li> <li>• Draft framework for Stage Gates including decision points and identification of expected precedent activities for each Gate</li> </ul>	<ul style="list-style-type: none"> <li>• Preparation and approval of initial set of Policy Baseline documents</li> <li>• Review/decision process for Stage Gates 2-4 (to proceed under future governance structure), including Partner Agency considerations</li> </ul>
<b>3. Change Decision Framework</b>	<ul style="list-style-type: none"> <li>• Establishment of Change Types (Minor, Significant, Policy)</li> <li>• Review and decision processes for each Change Type</li> <li>• Principles for Delegated Authorities</li> </ul>	<ul style="list-style-type: none"> <li>• Preparation of Delegated Authorities Framework, including specific thresholds for each Change Type</li> </ul>
<b>4. Project Reporting Approach</b>	<ul style="list-style-type: none"> <li>• Intended flow of regular project status reporting through governance structure</li> </ul>	<ul style="list-style-type: none"> <li>• Reporting Plan and timelines</li> <li>• Reporting templates and governance body information needs/requests</li> </ul>
<b>5. Decision Procedures</b>	<ul style="list-style-type: none"> <li>• General procedures for decision-making, to depict relationships between governance bodies</li> <li>• Escalation paths for decisions / disagreements</li> <li>• Considerations for “special” cases, such as emergencies</li> </ul>	<ul style="list-style-type: none"> <li>• More detailed decision procedures to align with Delegated Authorities Framework and relevant Management Plans</li> <li>• Decision process timelines</li> </ul>

# Refinements to Blueprint Recommendations

Blueprint recommendations have been adjusted or further developed in the following areas:

- Recommended governance structure, including streamlined name for Change Control Board (formerly: Change, Configuration, and Risk Management Body)
- Adjustment to Draft Stage Gate Framework for consistency with Master Schedule and Procurement Approach
- Identification of “general procedures” for decision processes across the structure
- Escalation pathways for project reporting and change decision-making
- Initial principles to inform subsequent preparation of Delegated Authorities Framework

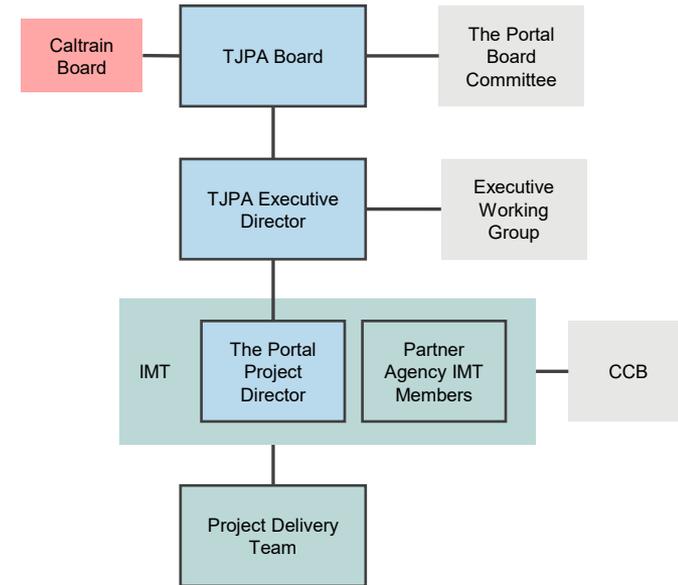
# Recommended Governance Structure and Bodies



# Key Roles in Risk Management

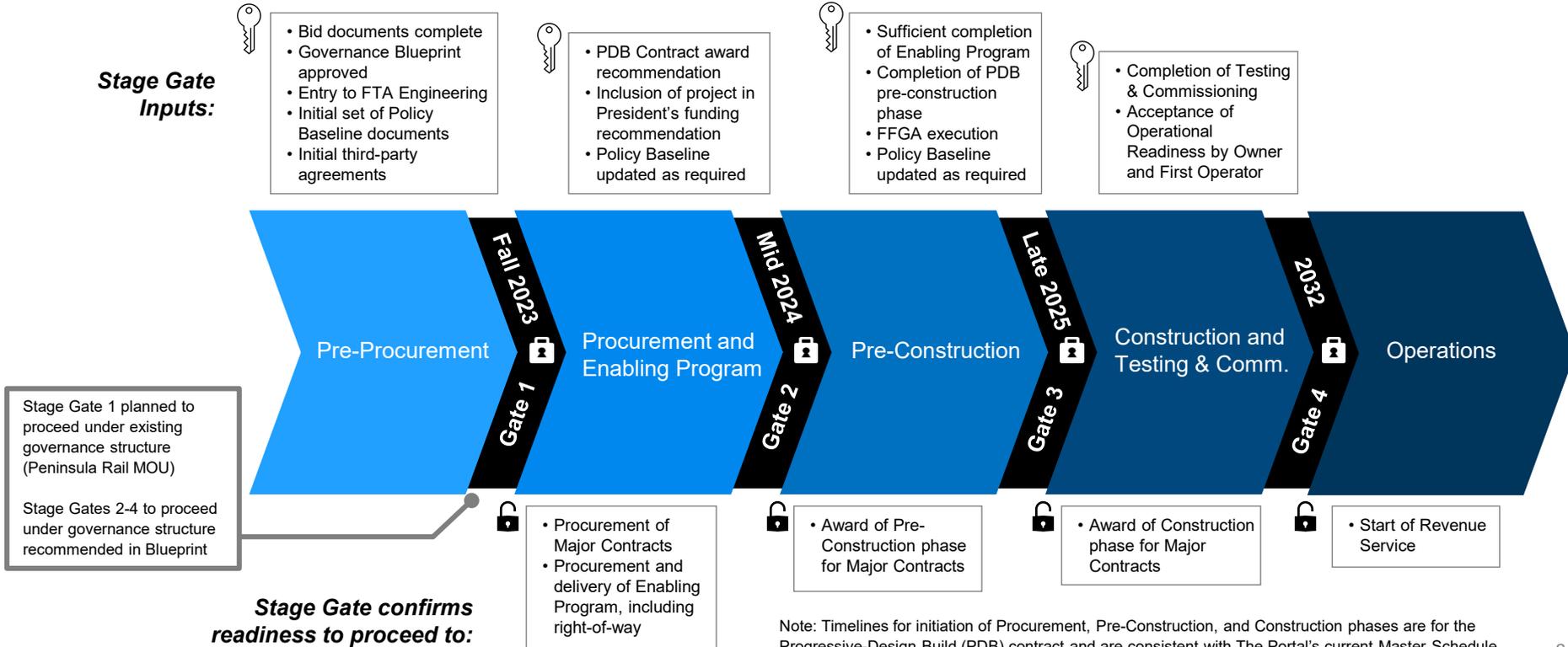
Risk management and risk review activities occur throughout the project team and governance structure.

<b>Board Level</b>	<ul style="list-style-type: none"> <li>Review/approve Policy Baseline Risk Matrix document</li> </ul>
<b>Executive Working Group</b>	<ul style="list-style-type: none"> <li>Provide executive-level direction and sponsorship to risk management/mitigation activities</li> <li>Share agency experience and lessons learned related to risk management/mitigation</li> <li>Review/forward Policy Baseline Risk Matrix to Board level</li> </ul>
<b>Change Control Board</b>	<ul style="list-style-type: none"> <li>Provide external input and advice to Risk Management Team: regularly review risk reporting, including project risk register; participate in quarterly risk workshops</li> <li>Approve project changes to mitigate risk, informed by clear understanding of project risk profile and strategy</li> </ul>
<b>Integrated Management Team</b>	<ul style="list-style-type: none"> <li>Provide management-level coordination to risk activities</li> <li>Identify and evaluate project risks</li> <li>Participate in regular risk management meetings</li> </ul>
<b>Project Delivery Team</b>	<ul style="list-style-type: none"> <li>PDT includes core Risk Management Team, charged with developing and maintaining Risk Management Plan</li> <li>Maintain project Risk Register, including risk identification</li> <li>Deliver risk mitigation activities</li> </ul>



# Stage Gate Framework

*Stage Gate framework updated to reflect current project schedule and Procurement Approach*



# General Procedures for Decision-Making

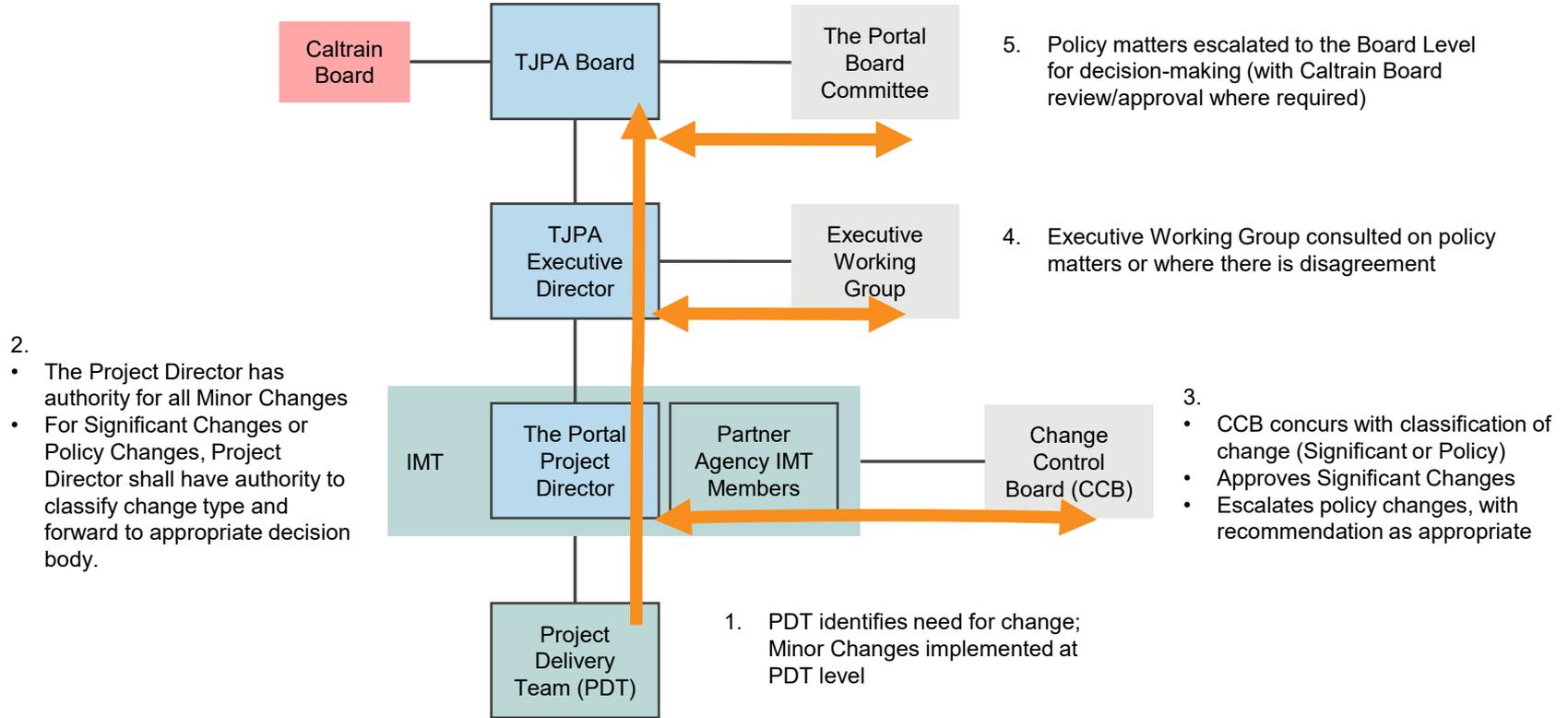
The Blueprint recommends General Procedures in the following areas:

- Project Director and IMT
- Change Control Board
- Executive Working Group
- Board Level (Full Board and The Portal Board Committee)
- Other Agency Boards
- “Direct to Board” and Emergencies

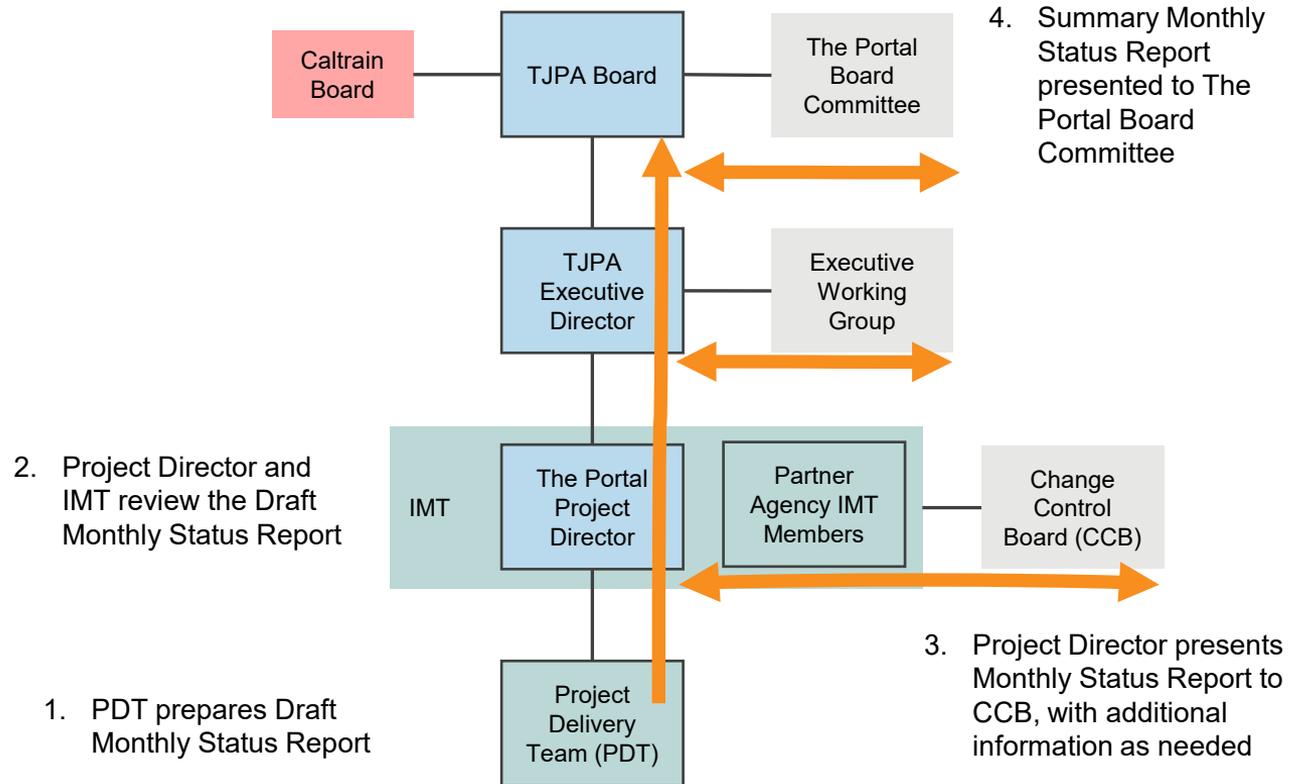
# Change Control: Change Types

Change Type	Definition	Decision Authority
<b>1. Minor Change</b>	A change that does not conflict with the Policy Baseline and is less than a defined threshold.	<ul style="list-style-type: none"> <li>▪ Project Delivery Team, with all changes reported to CCB</li> </ul>
<b>2. Significant Change</b>	A change that does not conflict with the Policy Baseline and is more than a defined threshold.	<ul style="list-style-type: none"> <li>▪ CCB</li> <li>▪ Delegated Authorities Framework should consider need for final approval of very large Significant Changes by TJPA Executive Director or TJPA Board.</li> </ul>
<b>3. Policy Change</b>	A change that significantly alters or threatens the planned outcomes of the project, including all changes that are materially inconsistent with the Policy Baseline.	<ul style="list-style-type: none"> <li>▪ TJPA Board, with recommendation by CCB</li> <li>▪ Where required: approval by other agency with decision authority, per governing agreements (e.g., MCA)</li> </ul>

# Change Framework: Decision/Escalation Pathway



# Project Status Reporting: Development/Review Pathway



# Governance Blueprint Implementation

Blueprint identifies major areas of follow-up work to implement the Blueprint:

- **Delegated Authorities Framework** to establish thresholds for each Change Type and align with decision procedures across the governance structure – to be reflected in Successor MOU
- **Successor MOU** to replace the existing Peninsula Rail Program MOU, which expires on 12/31/2023
- **Formation of Governance Bodies**
  - Establishment of The Portal Board Committee by TJPA Board
  - Formation of CCB, to be in place as decision body no later than start of Enabling Program construction (mid-2024)

# Blueprint Principles to guide Delegated Authorities Framework

- “Minor” dollar value threshold should be set high enough to allow for rapid decision-making on matters that are not related to policy and do not significantly impact the project budget.
- CCB should have the ability to consider multiple change decisions together where those decisions stem from the same core issue as well as any decision that exceeds defined aggregate thresholds. Disputes related to classification of changes may be escalated to the Executive Working Group.
- Framework should consider the need for final approval of very large Significant Changes by the TJPA Executive Director or TJPA Board.
- Framework should describe the approach to review/approve changes resulting in cost savings, including where such savings are the result of revised scope.
- Consideration of O&M cost impacts/savings should be provided for in cases where a contemplated change would have material impact on such costs.
- Changes requiring the use of Program Reserve funds shall require TJPA Board approval, regardless of nature or size.

# Implementation Steps and Draft Schedule

- Draft Term Sheet for Successor MOU (September)
- IPMT consideration of draft Delegated Authorities Framework (Sept/Oct)
- Update presentation to ESC (October)
- Full draft Successor MOU (November)
- Successor MOU circulated for execution (Target: December)
- Formation of CCB (early 2024)

# IPMT Recommendation

Advance the DTX/The Portal Governance Blueprint to the TJPA Board of Directors for approval, including recommendations in the following areas:

- Governance Structure and Bodies
- Policy Baseline and Stage Gate Framework
- Change Decision Framework
- Project Reporting Approach
- General Procedures for Decision-Making

# Questions?

