



BRIEFING: AUGUST 16, 2018 BOARD MEETING AGENDA ITEM #5

TO: Chairman Richard and Board Members

FROM: Brian Kelly, CEO

DATE: August 16, 2018

RE: Consider Revising Board Policy HSRA11-001 Delegation to Chief Executive Officer Related to Contracts and Agency Agreements

Summary of Recommended Action

Staff recommends that the Board revise the existing delegation of authority to the Chief Executive Officer (CEO) to increase the CEO contract management delegated authority. With the Board's acceptance of the Program Baseline and Program and FY 18/19 Budgets, a scope, schedule, cost and budget baseline has been established for the Program. The Board has also been presented with a Program Management Plan (PMP) that clearly defines the Authority's organizational structure and governance, aligns operational roles, and delineates decision-making authority, to ensure successful delivery of the program. Given this, staff recommends that the CEO's Contract Management and Agreements with Other Public Entities delegation be raised.

The recommendation is to increase the delegated authority from the Board to the CEO from \$5 million to \$25 million for contract approval and execution consistent with the Baseline and Program Budget.

Background

In January 2014, the Board amended the Delegation of Authority (DOA) board policy HSRA11-001. This amendment consolidated and reorganized the CEO delegations. These changes were necessary because of new legislation and the Authority's entry into construction activities.

The Board's recent acceptance of a Program Baseline and budgets has set the scope, schedule, costs and spending plan for completion of the Silicon Valley to Central Valley Line and completion of Phase 1 RODs. This action notably establishes an execution plan and baseline to guide management of executed contracts and agreements. In addition, the completion of the Program Management Plan has clarified roles, responsibilities and decision making as well as establishing a refined governance process for more effective decision-making, including a stronger change management and contract oversight.

Since it is necessary to assure the timely execution of decisions to carry out the responsibilities of the Authority, staff recommends that refinements to Board Policy – HSRA11-001 as amended January 14, 2014, be made as described in the attached.

Prior Board Action

Over the years since formation of the Authority, the Board has granted various delegated authority to the CEO. The operative version was approved by the Board in 2011, which was last updated by the Board in January of 2014. It is known as Board Policy – HSRA11-001 (Amended January 14, 2014), and is attached hereto with the staff-proposed edits shown in sections A, B and C. This amends the previous Delegation of Authority adopted by the Board in January 2014, HSRA #14-01. It also updates Board Policy – HSRA 11-001 as Amended in January 2014.

Discussion

Staff recommends that the Board consider amending Board Policy HSRA11-001 to increase the CEO's delegation to approve and execute changes contracts up to \$25,000,000. Staff recommends that the Board Policy be revised as follows and as detailed in the attached:

Execution of original contracts and local agency agreements at the following levels:

- Original contracts and agreements, and any changes or amendments, of \$25 million or less.
- Changes or amendments to contracts \$25 million to \$50 million to a cumulative increase of 15% of the original contract amount.
- Changes or amendments to contracts over \$50 million to a cumulative increase of 10% of the original contract amount.
- Changes to Engineering and Architectural contracts over \$25 million, except time-only extensions up to 25% of the contract term; to be consistent with other authorities within the section.
- Change periodic contract list reporting levels to the Board from occurrences of \$10,000 to \$100,000.
- Deletion of section 2 subsection iv; to eliminate conflicts with subsections ii and iii.
- Deletion of section 2 subsection v, to eliminate distinguishing (by singling out) architecture and engineering contracts from other Authority contracts, in light of program evolution since 2011.

The combined effect of these changes will be to increase the organizational flexibility of the Authority, within the confines of the Board accepted Baseline and Budget, to ensure timely decision making and successful delivery of the program.

Legal Approval

The Legal Office has confirmed the Authority's legal ability to grant the CEO the delegated authority as proposed in this item.

Budget and Fiscal Impact

The act of delegation, by itself, does not have a budget impact.

REVIEWER INFORMATION	
Reviewer Name and Title: Russell Fong Chief Financial Officer	Signature verifying budget analysis: 
Reviewer Name and Title: Tom Fellenz Chief Counsel	Signature verifying legal analysis: 

Recommendations

Staff recommends Board approval of the staff-proposed increases to the CEO delegation under sections *B: Contract Management* and *C: Agreements with other Public Entities* to \$25 million and as specified in the attached amended Board Policy – HSRA 11-001 (to be amended August 2018).

Attachments

- Draft Resolution #HSRA 18-15
- Board Policy – HSRA 11-001 (Amended August 2018), with proposed changes added
- Resolution HSRA #14-01