

## San Francisco Peninsula Rail Program

### Memorandum

To: Executive Steering Committee (ESC)

From: Stephen Wolf, Metropolitan Transportation Commission (MTC)  
Jesse Koehler, San Francisco County Transportation Authority (SFCTA)

Date: March 22, 2024

Re: Successor Memorandum of Understanding

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### BACKGROUND

The Integrated Program Management Team (IPMT) has been continuing its work to prepare a Successor Memorandum of Understanding (Successor MOU) among the six partner agencies (Partners) for The Portal, with the aim to bring a draft to the ESC in April 2024.

### DISCUSSION

This memorandum discusses key components of the Successor MOU, including discussion of those issues for which ESC guidance is sought to support continued advancement of this work.

#### Term of Successor MOU

The MTC/SFCTA Governance Team (Governance Team) recommends that the Successor MOU specify a term through the completion of: testing and commissioning; launch of revenue service; substantial completion of construction contracts; and an initial evaluation period and accompanying report. This evaluation would, in part, support the objective for regional capacity-building and dissemination of lessons learned for the delivery of large-scale transportation projects. IPMT will discuss the recommended focus/scope of this evaluation process. Throughout each phase of the Successor MOU, the cadence of governance bodies should be adjusted as appropriate to meet the needs of the project.

#### Partner Agency Roles and Summary Work Program

At the January 2024 ESC meeting, the Governance Team sought ESC input regarding the approach to describing agency roles and work program within the Successor MOU. The IPMT further discussed these considerations at its February 13 meeting. The IPMT recommends:

- That the Successor MOU include a high-level description of the Partners' major roles and responsibilities with respect to the delivery of The Portal, with this description reflecting the distribution of risk across the agencies.
- That in parallel to preparing the Successor MOU, the Partners prepare a Summary Work Program of activities for the next approximately two years of cooperative work, including, but not limited to: procurement preparation and procurement activities; enabling program work; value engineering, cost containment, and other configuration decision-making; completion of the capital and operating funding plans; completion of intergovernmental and other third-party agreements; advancement through the FTA process; etc.
- That the Successor MOU specify a management process by which the Summary Work Program would be periodically (i.e., annually) updated and brought forward for review and approval through the Successor MOU's governance approach.

The IPMT has advanced work to discuss agency roles, including each Partner's IPMT representatives preparing an initial draft description of their agency's key roles for discussion among the IPMT.

### **Governance Transition**

The existing San Francisco Peninsula Rail Program Memorandum of Understanding (Peninsula Rail MOU) will expire on May 10, 2024. The Peninsula Rail MOU was intended to bring the project to "ready-for-procurement status", including completion of bid documents, funding plans, and other activities. Under the adopted Accelerated Work Plan, the project team has made substantial progress toward these goals, and certain procurement activities have been initiated, namely the initiation of the procurement process for the Progressive-Design Build ("40-CT") contract for the tunnel and heavy civil components of the project.

The Portal Governance Blueprint (Blueprint) was prepared by MTC and SFCTA, in cooperation with the IPMT, and was unanimously approved by the TJPA Board in August 2023, at the recommendation of the ESC. The Blueprint describes the multi-agency governance structure and procedures for the project to succeed the approach currently in place under the Peninsula Rail MOU. The IPMT has been discussing the approach to implementing the Blueprint's adopted recommendations, in the context of the project's current status, schedule considerations, and transition needs and capacity.

The Governance Team has identified a broad two-phase approach to implementing the Blueprint's recommendations:

- Phase 1 – Transition: an initial transition period, whereby partial implementation of the Blueprint is achieved, including the establishment of select governance bodies and the development of governance processes. During this period, the remaining work of the Peninsula Rail MOU's work program would be completed.
- Phase 2 – Blueprint Fully Implemented: full implementation of the structure codified in the Blueprint, to be in place prior to the award of any construction contract – the earliest

date of either the pre-construction phase of the Progressive Design-Build (PDB) contract (“40-CT”) or award of the first enabling contract package. The project team is currently preparing an updated project schedule for review and approval this Spring; this schedule will establish planned dates for these contract milestones.

The below sections of this memo describe: MTC/SFCTA draft recommendations for each of these phases; recommendations with IPMT concurrence; and, where concurrence has not been reached, options put forward by other IPMT members. Attachment 1 provides a summary table of these draft recommendations.

### **The Portal Board Committee**

The Governance Team recommends that the TJPA Board Portal Committee (Board Committee) be established early in Phase 1, at the direction of the TJPA Board Chair, and prior to award of the first construction contract. The Blueprint calls for the Board Committee to include voting representation from San Francisco and Caltrain, and ex officio membership by MTC. The membership of the Board Committee would be codified through TJPA Board action to establish the Committee and appoint its membership. In advance of establishment of the Board Committee, Board-level decision matters will advance directly to the TJPA Board by the TJPA Executive Director, with policy review/input for these items provided by the Executive Working Group.

### **Executive Working Group**

At the December 2023 meeting of the ESC, the Governance Team presented proposed protocols for the Executive Working Group (EWG), building on, and consistent with, the Blueprint. For purposes of the governance transition, we recommend that the EWG be established immediately and begin convening following the conclusion of the Peninsula Rail MOU. Irrespective of the status of the Successor MOU, the EWG members could begin convening immediately at the call of the TJPA Executive Director.

### **Change Control Board**

The Blueprint calls for the establishment of the Change Control Board (CCB), serving as the “multi-agency body reviewing and recommending changes in project scope, schedule, budget, and contracts, informed by [the project’s] risk management program.” The CCB is to consider and recommend changes of a policy nature, including changes that require variance from the (still to be) adopted Policy Baseline Documents. Additionally, the CCB would consider and recommend changes above (still to be defined) thresholds for “significant” changes, and regularly review project change reports from the Integrated Project Delivery Team (IPDT) documenting those changes approved beneath these thresholds, which will be the majority of contractual changes on the project. In this respect, the CCB has a distinct role from the day-to-day, management-level change order review and decision process that will be located within the IPDT.

The IPMT concurs that, by the time of the above-described Phase 2 (start of activity under one or more construction contracts), the CCB should be in place. There is not currently IPMT consensus regarding the future role of the CCB. As an alternative to the Blueprint's recommendations described immediately above, TJPA staff have proposed a more limited mandate for the future CCB, with this narrowed role focused on review of cost and schedule changes after contract award.

The Blueprint recommended that the CCB have representation from all six Partners. The Blueprint did not provide final detailed recommendations for voting procedures / voting composition; however, the Blueprint did qualitatively describe thresholds for changes that should be considered by the CCB as well as detailed procedures for the escalation of change decision-making. This included use of EWG to support resolution of conflicts and including the ability for TJPA staff to bring forward recommendations to the TJPA Board where the CCB has not reached consensus. The IPMT has discussed a number of options for voting composition/approach for the CCB but has not reached consensus on this topic and will seek ESC guidance.

During Phase 1 of implementation of the Blueprint, change-related decision-making will primarily pertain to matters of project configuration, including additional value engineering and other cost reduction opportunities for the project. Currently, consideration and recommendation of configuration decisions are advanced through the Configuration Management Working Group (CMWG), which is coterminous with the IPMT. The IPMT concurs that this structure of CMWG (coterminous with IPMT) should be maintained in Phase 1 until the CCB is formed. The IPMT's concurrence with this recommendation is conditioned on the implementation of a structured framework for the CMWG and its proceedings, including agenda management, advance provision of materials, and formalized documentation processes; a parallel recommendation regarding go-forward procedures for the IPMT is discussed below.

The Governance Team proposes that the CCB be established during Phase 1 of Blueprint implementation, not later than the award of the earlier of the 40-CT/PDB and enabling works. Once established, the CCB would assume the responsibilities of the existing CMWG. A near-term task is to develop a more detailed charter for the CCB ("CCB Charter"), which would resolve and codify outstanding matters required for the body to fulfill its future role in review/provide recommendation of significant changes and policy changes. The CCB Charter should be developed, reviewed, and approved prior to the award of the first construction contract (including the pre-construction phase of 40-CT/PDB). The approval process has yet to be discussed by the IPMT.

### **Integrated Program Management Team**

The IPMT concurs that the IPMT be retained during Phase 1 to support management continuity and continued advancement of critical project work activities that require and benefit from the active engagement of all six agency Partners. This work includes: procurement document

preparation/review and associated policy recommendations; completion of the remaining components of Stage Gate 1 (recommendations to initiate specific procurements); capital funding plan; operating funding plan; preparation of the new Summary Work Program (as discussed above); review/input of updated master schedule; review of items being brought forward to EWG; etc. The IPMT would also function in its dual role as the CMWG. Irrespective of the status of the Successor MOU, the TJPA Executive Director should call for the IPMT members to continue to convene regularly. The IPMT would continue to function until the establishment of the 6-agency CCB, after which time the IPMT would transition into the IMT, which will likely consist of a subset of the 6 agency Partners. The IPMT felt it was important that the IPMT and IMT not overlap due to the similarity of their roles in supporting the TJPA Project Director.

Given the need for the IPMT to fulfill IMT functions during the preconstruction work of Phase 1, the IPMT concurred that the IPMT should adopt the more structured framework of the IMT that will provide early/ongoing visibility into project status, issues, and risks. This includes standing agendas, advanced distribution of material for consideration, reporting, and establishment of escalation protocol, for example.

### **Integrated Management Team**

The Blueprint calls for the establishment of the Integrated Management Team (IMT) as a “senior management group supporting the active management of project delivery, led by The Portal Project Director”. Per the Blueprint, the IMT’s primary functions are to: integrate/coordinate activities and commitments across agencies; solve problems, remove roadblocks, and marshal resources; and align direction to the IPDT. TJPA, SFCTA, Caltrain, CCSF, and CHSRA have self-identified as agencies that would participate in the IMT; ultimately, membership may be borne out by the need for and ability of each agency Partner to commit a resource to this active management.

The Governance Team recommends with IPMT concurrence that the IMT be established upon establishment of the CCB and with the retirement of the IPMT as noted above. As noted above, the IPMT has not reached a consensus recommendation regarding the mandate and voting composition of the future CCB.

### **NEXT STEPS**

The Governance Team is preparing a complete draft of the Successor MOU, consistent with the draft outline provided in Attachment 2, for IPMT review/input, with the aim to bring forward the draft MOU for ESC consideration in April. Irrespective of the status of the execution of the Successor MOU, the TJPA Executive Director should call the EWG members to begin convening and for the IPMT/CMWG members to continue convening upon expiration of the Peninsula Rail MOU on May 10, 2024.

Attachments

1. Draft Framework for Governance Transition
2. Draft Outline of Successor MOU

**Attachment 1: Draft Framework for Governance Transition**

<b>Governance Body</b>	<b>Current</b>  <i>Through 5/10/2024</i>	<b>Successor MOU: Phase 1 (Transition Phase)</b>  <i>From 5/11/2024, until Phase 2 in place</i>	<b>Successor MOU: Phase 2 (Blueprint Fully Implemented)</b>  <i>In place no later than: award of first construction contract (either pre-construction under 40-CT/PDB or construction for enabling contracts)</i>
Board Level	TJPA Board	TJPA Board, with The Portal Board Committee established in near-term, at direction of the TJPA Board Chair	The Portal Board Committee fully in place, reporting to the TJPA Board
Executive Level	ESC	EWG in place immediately at the call of the TJPA Executive Director	EWG

<b>Governance Body</b>	<b>Current</b>  <i>Through 5/10/2024</i>	<b>Successor MOU: Phase 1 (Transition Phase)</b>  <i>From 5/11/2024, until Phase 2 in place</i>	<b>Successor MOU: Phase 2 (Blueprint Fully Implemented)</b>  <i>In place no later than: award of first construction contract (either pre-construction under 40-CT/PDB or construction for enabling contracts)</i>
Change Body	CMWG	<p><u>Governance Team Recommendation:</u></p> <ul style="list-style-type: none"> <li>• Establish CCB (which includes CMWG role) prior to award of earlier of 40-CT/PDB and enabling works</li> <li>• Role during Phase 1 for reviewing/recommending configuration decisions</li> <li>• Clear procedures for provision of information, reporting, decisions, etc.</li> <li>• Develop CCB Charter for Phase 2, to be brought forward for review/approval</li> </ul> <p><u>TJPA Alternative:</u></p> <ul style="list-style-type: none"> <li>• Transition CMWG to IPDT and limit CCB function to cost and schedule changes. Other policy baseline changes considered by Project Director, Executive Director.</li> </ul>	Fully-implemented CCB per Blueprint, with detailed Charter, procedures for contract change decision-making, voting procedures for all decision types, etc.
IPMT	Per Existing MOU	<ul style="list-style-type: none"> <li>• At the call of the TJPA Executive Director, retain existing IPMT with its dual role as CMWG until establishment of CCB. IPMT will transition into IMT.</li> <li>• Responsibility to review items advancing to EWG</li> <li>• Adopt more formal protocol of IMT</li> </ul>	<ul style="list-style-type: none"> <li>• IPMT has sunset</li> <li>• CCB has assumed responsibility to review policy-related items advancing to EWG</li> </ul>

<b>Governance Body</b>	<b>Current</b>  <i>Through 5/10/2024</i>	<b>Successor MOU: Phase 1 (Transition Phase)</b>  <i>From 5/11/2024, until Phase 2 in place</i>	<b>Successor MOU: Phase 2 (Blueprint Fully Implemented)</b>  <i>In place no later than: award of first construction contract (either pre-construction under 40-CT/PDB or construction for enabling contracts)</i>
IMT	n/a	<ul style="list-style-type: none"> <li>• IPMT transitions into IMT after establishment of CCB.</li> <li>• Further refine detailed approach to IMT, including membership, commitment, reporting, standing agendas, etc.</li> </ul>	IMT fully in place
IPDT	n/a	<ul style="list-style-type: none"> <li>• Establish IPDT</li> </ul>	IPDT fully in place, including contractor teams

## **Attachment 2: Draft Outline of Successor MOU**

### **Preface**

The Portal Project Successor Memorandum of Understanding (MOU), effective \_\_\_\_\_, 2024 is between the Transbay Joint Powers Authority (TJPA); the Metropolitan Transportation Commission (MTC); the San Francisco County Transportation Authority (SFCTA); the Peninsula Corridor Joint Powers Board (Caltrain); the California High-Speed Rail Authority (CHSRA); and the City and County of San Francisco (CCSF) (each a “Partner” and collectively the “Partners”)

### **1. Definitions**

[defined terms of the MOU]

### **2. Purpose**

[purpose of MOU]

### **3. Term**

[term of agreement, through initial evaluation period following launch of revenue service]

### **4. Project Description**

[broad description of the scope and goals of The Portal]

### **5. Partner Agency Primary Roles**

[summary description of each Partner’s major/key roles and responsibilities for the delivery of the project]

### **6. Structure**

[overall description of the project’s governance structure]

## **7. Principles for Multi-Partner Collaboration**

[general/high-level principles for multi-agency coordination, cooperation, and collaboration]

## **8. Governance Implementation**

[acknowledgement of phased implementation of the Blueprint's structure]

## **9. Policy Baseline and Stage Gates**

[Per Section 3 of Blueprint: definition of the policy baseline documents and description of process requirements for baseline review/recommendation/approval and stage gate decision-making]

## **10. The Portal Board Committee**

[TJPA shall establish the Board Committee; description of its role, reporting, etc.]

## **11. Executive Working Group**

[procedure/protocols for EWG]

## **12. Integrated Program Management Team**

[IPMT to continue for period of time with certain responsibilities]

## **13. Integrated Management Team**

[IMT role, reporting, commitment, composition, and requirements to form]

## **14. Change Body and Change Decision Framework**

[CCB role, membership, etc.; commitment to prepare detailed CCB charter]  
[Per Section of 4 of Blueprint: Change Decision Framework]

## **15. Project Status Reporting**

[Per Blueprint Section 5: process for status reporting]

## **16. Procedures for Decision Review, Recommendation, and Escalation**

[Per Blueprint Section 6: procedure for decision-making and recommendations]

## **17. Summary Work Program and Detailed Work Plan**

[Partners shall prepare a Summary Work Program on an annual basis, to be reviewed and recommended by the staff and executive levels]

## **18. Other Agreements**

[acknowledgement of other intergovernmental agreements for the project and other/related multi-party MOUs]

## **19. No Adjudication of Rights**

## **20. Procedure for Amendment**

## **21. General Conditions**

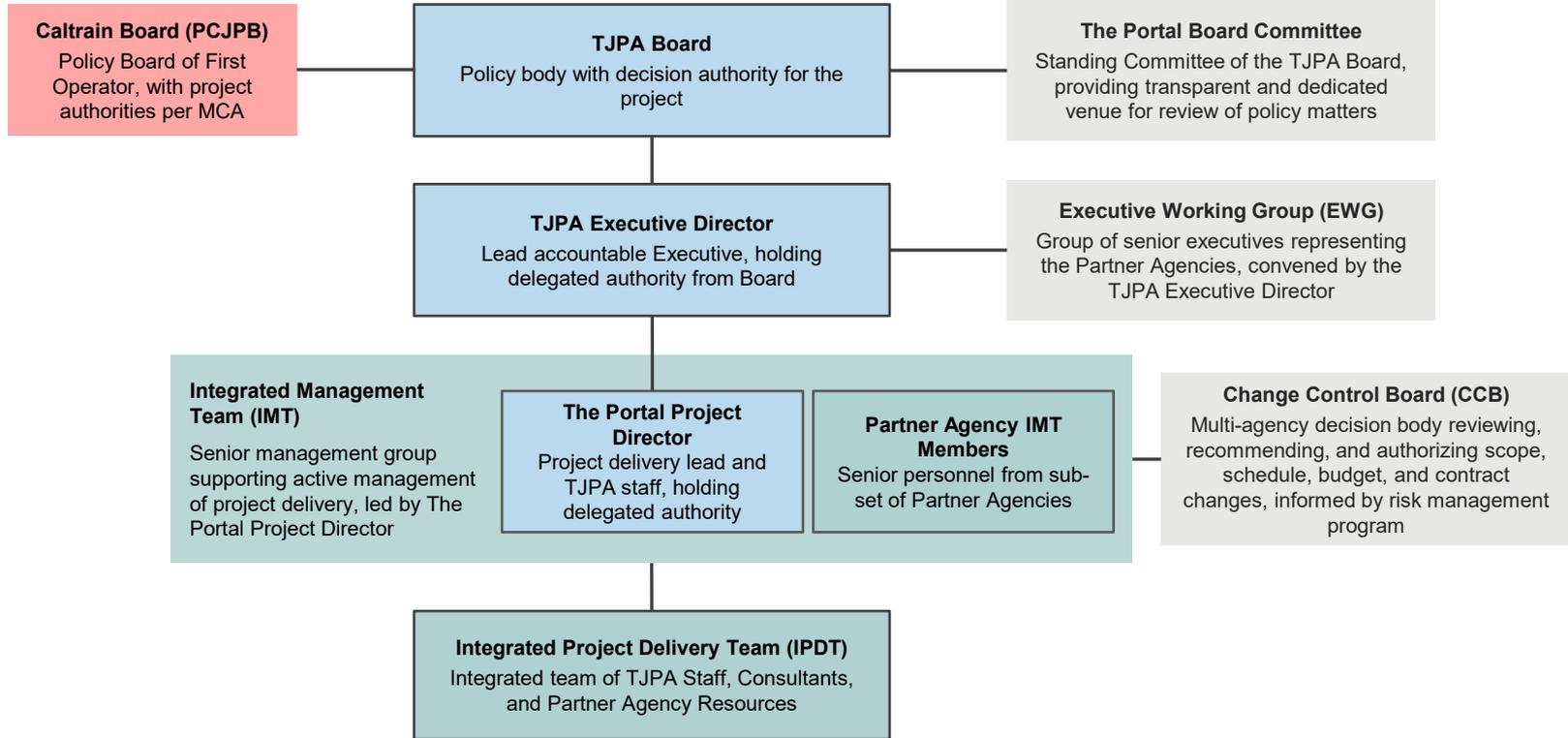
# Progress Update on Successor San Francisco Peninsula Rail Program Memorandum of Understanding

Executive Steering Committee (ESC)

March 22, 2024



# Blueprint Governance Diagram



# Governance Transition Key Dates



## Peninsula Rail MOU (Current)

Existing governance framework to bring project to “ready-for-procurement-status”

**Expires 5/10/2024**



## Phase 1: Transition

Partial implementation of Governance Blueprint in order to continue the work of the Peninsula Rail MOU and facilitate implementation of final governance configuration

**5/10/2024 until Phase 2 in place**



## Phase 2: Blueprint Fully Implemented

Final governance configuration

**Prior to award of any construction contract through completion**

# Governance Transition Recommendation



Peninsula Rail MOU (Current)	Phase 1: Transition (Effective May 11 2024)	Phase 2: Blueprint Fully Implemented (Prior to Construction Award)
Board Level	TJPA Board	
Executive Level	Exec. Steering Comm.	Portal Board Committee
Management Level	Integrated Project Management Team (IPMT)	EWG
Change Body	<p>Gov Team IPMT as Config. Mgmt. Working Group (CMWG)</p> <p>TJPA Alt Config. mgmt. resides with Project Director/IPDT</p>	<p>Gov Team CCB (Full Role)</p> <p>TJPA Alt CCB (Limited Role)</p>
Delivery	IPDT	

# Discussion Areas



- Whether the *Phase 1: Transition* setup serves the needs of the program for the period from May 11, 2024 through the procurement phase.
- Resources necessary to manage the governance structure as it transitions to a more rigorous function with needs related to the preparing, updating, reporting, deciding, escalating functions.
- Areas where the IPMT has not reached consensus:
  - Whether the IPMT should maintain its coterminous role as CMWG in Phase 1.
  - Whether the mandate of the Change Control Board (CCB) should include configuration and other policy change as identified in the Governance Blueprint *or* be limited to cost and schedule change, with configuration and other policy change held by Project Director and Executive Director.
  - Thresholds for decision making and CCB voting composition as may be codified in the Successor MOU and/or CCB charter.
- Timeline for bringing the Successor MOU to the TJPA Board.