LIMITED MANAGEMENT PERFORMANCE AUDIT OF THE SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY
PHASE II - CAPITAL PROGRAMS (DRAFT)

#	CATEGORY	AUDIT RECOMMENDATION	CONCUR (Y/N)	2014 - SFMTA UPDATE
1	STAFF ORGANIZATION AND RESPONSIBILITIES	Adopt an asset team approach to managing capital programs and projects.	Partially concur	As previously reported, adopting an Asset Team approach is one of the delivery methods for Capital Improvement projects. The SFMTA continues to implement an asset delivery approach particularly for the Fleet Program which has been determined to be beneficial. The SFMTA also uses technology as an asset management tool to transform how asset management is planned for and executed. The SFMTA is in the process of implementing an Enterprise Asset Management (EAM) system to inventory all of the SFMTA's major assets, providing information on an asset's condition. The proposed EAM system will capture, populate, count, inventory, locate, identify assets and integrate the collected data into a state-of-the-art asset inventory and EAM system with an asset management system module. The project will select a vendor/implementer and then implement the selected system. There is regular programmed funding for rail, overhead and systems overlaid with an asset replacement approach, which results in "packages of projects," requiring the focus of all available resources which is how the SFMTA continues to deliver projects. The current structure within the Capital Program and Construction Division (CP&C) takes advantage of the efficiencies inherent in centralizing the expertise. It also enables the division to be flexible with its staff so that when there is underutilization in one area, the staff may be more fully utilized in another. The SFMTA continues to move toward "complete street infrastructure" projects which will require a more "matrix" form of project management, which resulted in infrastructure, street, signal, bicycle and pedestrian improvements on a corridor basis. Example of such projects includes the Church and Duboce Rail Replacement and Phelan Loop projects as well as the upcoming Van Ness BRT, Geary BRT, Better Market Street, and other Capital Improvement projects.
2	STAFF ORGANIZATION AND RESPONSIBILITIES	Give project managers responsibility for entire projects. Appoint a project manager to lead a team for projects and programs in assigned area beginning with the point at which the CIP estimate is started.	Yes	The SFMTA continues to follow the policies adopted in June 2011 to set a clear and documented process to ensure that projects remain within their approved scope, schedule and budget. The policies appear to be effective to ensure that projects do not proceed unless adequate funding has been identified, providing for the most efficient use of the SFMTA capital resources. The Transportation Capital Committee (TCC) has assigned a responsible project manager at project initiation. As part of the Capital Improvement Program, the SFMTA has also assigned Capital Program Managers responsible for the portfolio level of project monitoring and budgeting such as the Van Ness BRT and the Transit Effectiveness Projects.
3	STAFF ORGANIZATION AND RESPONSIBILITIES	Provide teams with access to professional estimators to improve the quality of baseline budgets and schedules.	Yes	The SFMTA is currently recruiting a full-time Project Scheduler and Estimator, which will result in more accurate estimates at the time of project initiation and TCC approval. The SFMTA implemented a "pre-development" phase prior to the development of the Conceptual Engineering Report (CER) to fund scoping and estimating workas well as the implementation of the Capital Program Controls System (CPCS).
4	STAFF ORGANIZATION AND RESPONSIBILITIES	Renew commitment to an organization unit to improve business processes and generate needed procedural documentation.	Yes	A Project Delivery Taskforce has been established to identify and create common language, operating procedures, and institutional support for all Project Delivery functions within the SFMTA. Proposed deliverables and responsibilities in FY14-15 are as follows: - SFMTA Project Controls Roles, Responsibilities, & Organizational Structure - Project Management Standard Operating Procedures - CPCS Implementation Tracking & Support - Liaise with the Transtat Capital Team
5	STAFF ORGANIZATION AND RESPONSIBILITIES	Significantly increase the resources devoted to information technology (IT).	Yes	Our new CIP is in place, including an individual program for Communications and IT needs. The forthcoming year's budget includes positions that will help us advance toward supporting these programs, but additional staffing and consulting resources may be required. As always, recruitment in the technology arena can be challenging, particularly in an increasingly competitive job market.
6	STAFF ORGANIZATION AND RESPONSIBILITIES	Reduce the amount of time that project managers spend on public and press matters.	Partially concur	Public expectations for information-sharing about changes happening on San Francisco's roadways are only increasing in today's social media-connected landscape. To better manage evolving expectations, the SFMTA is developing a more comprehensive approach to community outreach and engagement with stakeholders. The approach, which launches in July 2014, includes standardizing the stakeholder notification process and providing project managers and communications staff with tools, training and peer support to facilitate public outreach and engagement. In addition to this new approach, dedicated communications outreach staff continue to work directly with Capital and Construction Division Project Managers to support public outreach. Communications staff support Project Managers by working with them to develop communications plans that include audience identification, collateral materials development, outreach meeting staffing and support, and other public outreach activities. Media is handled exclusively by the SFMTA's Media team, with Project Managers involved only when specific subject matter expertise is required. For community meetings, Project Managers are critical to the public dialogue and feedback process, and therefore have a primary role at public meetings to present their plans, rationale, as well as to hear and respond to questions and concerns.

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7	**CAPITAL PROGRAM PROCESSES**	Conduct rigorous risk analyses when justified for capital projects.	Yes	Rigorous risk analyses have been performed on SFMTA projects such as the Muni Metro East Facility, Central Subway, and Van Ness Bus Rapid Transit projects which are over $100 million dollars. The risk analysis will serve as a template for the SFMTA on major Capital Improvement Project. The SFMTAis now establishing a threshold policy for preparing a risk analysis for projects at various levels as listed below: - The SFMTA will perform formal rigorous risk analysis as per guidelines established by the FTA for all its Capital Improvement Project in excess of $100 million dollars. - The SFMTA will conduct a risk analysis workshop including all stakeholders for all its Capital Improvement Project between $50 and $100 million dollars. - The SFMTA will look into performing risk analysis as part of its Conceptual Engineering Report for its smaller project if it is consider high in level of risk.
8	**CAPITAL PROGRAM PROCESSES**	Ensure a well-designed integration of the new Capital Programs Control System (CPCS) with the accounting and payroll processes and the Capital Planning and Grants Management application.	Yes	As of December 2012, SFMTA's new Capital Program Controls System (CPCS) has been rolled out to the first Division: Capital Programs & Construction. CP&C is using the following sub-systems of CPCS to manage and deliver ~60 active capital projects: Primavera P6: Detailed resource-loaded schedules with forecast labor costs. Progress Reporter: Electronic timesheets driven by P6 resource assignments. EcoSys EPC: Controls software that provides an integration platform for budgets, schedules & labor forecasts (from P6), actuals (from FAMIS), and other key project attributes. Also provides users with portfolio dashboards, daily on-screen reports, trend analysis, planned vs actual cash flows, and more. Contract Manager: Also known as CM13, provides SFMTA and Construction Contractors with the ability to process and track RFIs, Submittals, Meeting MInutes, and Progress Payments electronically. SharePoint: Electronic workflows and document management. SFMTA's next steps: - Build portfolios for all remaining active and planned capital projects being managed by SFMTA and roll out systems to remaining Divsions in July, 2014. - Introduce Fund Programming functionality into EcoSys, allowing for funding allocation reports - by project; by fund source; by CIP program; etc - to be generated in September, 2014.
9	**CAPITAL PROGRAM PROCESSES**	Perform a risk analysis for the implementation of the CPCS and its integration with the other systems.	Yes	Following the original audit recommendation, a risk register was created and used to track identified risks on a bi-weekly basis - from March 2011 NTP thru December 2012 Go-Live. Rigorous risk analyses have been performed in the past for SFMTA projects such as the Muni Metro East facility and Central Subway and is also being perform by the Van Ness BRT project. These risk analyses will serve as a template for the SFMTA. Based on this recommendation, the Transportation Capital Committee will work toward establishing a threshold policy for preparing a risk analysis for projects delivered by the Capital Programs and Construction Division. In addition, the alternatives analyses performed during the Conceptual Engineering phase may be expanded to encompass risk analysis and development of mitigation plans to address significant risks.
10	**CAPITAL PROGRAM PROCESSES**	Redesign the Quarterly Reports provided to the SFMTA Board of Directors. Include: • Portfolio and program level reporting • Cash flow, contingency use, and reasons for change orders • Additional RYG criteria particularly performance to baseline scope, cost, and schedule • Detail in areas of risk	Yes	In 2014, a monthly Transtat Capital Review meeting has been established for the purpose of reviewing key project performance metrics, such as budget & schedule variances at the program, project, and service levels. Using data from EcoSys (a sub-system of CPCS), on-screen dashboards have been developed in Tableau to facilitate the review of project performance during these meetings. SFMTA's next step will be to identify the feasibilty of utilizing a report writer to provide the same benefit to the Agency's Quarterly Report; including relevant performance metrics, cash flow, contingency use, etc. - at the program and project level.
11	**CAPITAL PROGRAM PROCESSES**	Adopt generally accepted good practices for capital program processes, enablers, and controls including: • Use of alternative project delivery methods • Assignment of state-of-good-repair responsibility • Solutions for delays for approving changes • Processes for fleet planning and acquisition • Issue resolution for charging time to project planning and estimating activities	Yes	The Capital Plan and Program Policies have been in effect since 2011, and provide the policy framework for the management of scope, schedules and budgets for all SFMTA projects in all divisions. There are clear procedures for budgetary and scope changes, and each of these changes are documented, for analysis and lessons learned. With three years of data, it is possible for the SFMTA to evaluate the data, and be more proactive in proposing changes and processes to project delivery. The Transportation Capital Committee recently approved the 5 year Capital Improvement Program that was adopted by the SFMTA Board on May 20. On an annual basis, the TCC reviews its past performance and recommends improvements. The pre-development project phase has been formalized in the agency's Capital Program Controls System (CPCS) and documented in the processes underlying this project management system. The SFMTA recently completed an update of the Capital Asset Inventory that defines the State of Good Repair needs of the agency. The update was presented to the Federal Transit Administration in April. The SFMTA has also initiated the development of an Enterprise Asset Management System to consolidate all of the agency's asset data in a common system. A project manager was hired in March, along with other key staff. A Request for Proposals for professional services to assist agency staff in the configuration and deployment of the system has been drafted and is anticipated to be released in June. The SFMTA recently completed an update to the Transit Fleet Management Plan, which projects the agency's transit fleet needs out to 2040 based on anticipated increases in housing and employment, and development of high level service plans to identify the transit fleet needed to accommodate this growth.

12	**CAPITAL PROGRAM PROCESSES**	Document "lessons learned" before the close of each project.	Yes	As part of the project close-out process, project managers are now compelled to document successess and challenges experienced during the course of the project. These lessons learned will soon be logged electronically on the SFMTA's Intranet, and shared during monthly Capital Projects meetings.
13	**CAPITAL PROGRAM PROCESSES**	Improve Project Operations Manuals including (Refer to Appendix VII): • Portfolio planning • Programs and projects that do not require conceptual engineering or detail design • Risk analysis, taking account of different types of projects • Evaluation of alternative methods of delivery • Documenting lessons learned • Reporting project information to the SFMTA Board and fund sources • Reimbursement from the SFCTA	Yes	The Transportation Capital Committee recently approved the 5 year Capital Improvement Program that was adopted by the SFMTA Board on May 20. On an annual basis, the TCC reviews its past performance and recommends improvements.
14	**FINANCIAL PLANNING AND CONTROL**	Eliminate ambiguities when quoting financial figures.	Yes	For the SFMTA, creating consistency in financial figures has been of the highest priority since the original audit. In April 2013, the SFMTA Board of Directors adopted the first 5-Year Capital Improvement Program, which established a set base of all capital revenues and a proposed plan of project expenditures down to the phase level. In May, 2014, the SFMTA Board of Directors adopted the second 5-Year CIP for FY 2015 – 2019. Improvements were made to the CIP, to include a full description of each capital funding source, a schedule and scope for each planned project. Detail includes the breakdown of funding for each projects by phase. The SFMTA now has a refreshed baseline from which to manage financial figures. It has also been decided that funding plans will be integrated into CPCS, to better align funding plans with project budgets. Phase I of the Capital Resource Information System (CRIS). Finally, a policy is being put into place in June, 2014 to clearly define project and schedule baselines to better problem solve and work on coordination across the SFMTA.
15	**FINANCIAL PLANNING AND CONTROL**	Improve SFMTA Board financial oversight of key projects including: • Education of Board members • Dashboards • Automation of production	Yes	The newly adopted 5-Year CIP was developed based on feedback from more than 30 public and group meetings. The goal was to clearly describe process and educate anyone including the SFMTA Board of Directors on how the process works, what is a project phase, what funding sources are available and how they work. The next step is to make a "live-CIP" via the SFMTA website, as a simple dashboard to report on CIP progress over 24 month period. Major changes to the CIP will still be reviewed, discussed and documented as part of the Transportation Capital Committee process.
16	**FINANCIAL PLANNING AND CONTROL**	Monitor more closely the time charged to projects.	Yes	The recent implementation of CPCS includes Progress Reporter, an electronic timesheet system driven by P6 resource assignments. Progress Reporter provides project managers and resource managers with the ability to review and monitor all staff charges on a bi-weekly basis. Capturing staff charges against discrete project activities also provides SFMTA with the ability to forecast labor costs and measure Earned Value vs. Planned Value
17	**FINANCIAL PLANNING AND CONTROL**	Report on the Central Subway Project separately.	Yes	The SFMTA recently completed an update of the Capital Asset Inventory that defines the State of Good Repair needs of the agency. The update was presented to the Federal Transit Administration in April. The SFMTA has also initiated the development of an Enterprise Asset Management System to consolidate all of the agency's asset data in a common system. A project manager was hired in March, along with other key staff. A Request for Proposals for professional services to assist agency staff in the configuration and deployment of the system has been drafted and is anticipated to be released in June, 2014.
18	**FINANCIAL PLANNING AND CONTROL**	Invoice the SFCTA earlier for reimbursements.	Yes	Reimbursement procedures have been simplified to varying degrees and the typical number of unpaid invoices over 60 days old are significantly lower than at the time the report was issued (as of May 14, 2014 there were two outstanding invoices over 60 days old totaling $80K). FAMIS screen shots have been replaced with electronic reports that require less SFMTA staff time to produce. While the SFCTA continues to require a greater level of documentation compared to the requirements of other grantors, the number of documents that are submitted along with each invoice and the time it takes to produce documents has been reduced.
19	**FINANCIAL PLANNING AND CONTROL**	Use activity-based costing to aid vehicle-related decisions.	Yes	The SFMTA recently completed an update to the Transit Fleet Management Plan, which projects the agency's transit fleet needs out to 2040 based on anticipated increases in housing and employment, and development of high level service plans to identify the transit fleet needed to accommodate this growth.