



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

AGENDA: 8

Proposed Amendments to Administrative Code – Board Member Compensation for Meeting Attendance and Board Meeting Start Time

**Administration Committee
November 2, 2022**

**Alexander Crockett
District Counsel
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**Greg Nudd
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Outcome



Action item for Administration Committee to recommend to Board of Directors proposed revisions to the Administrative Code:

- i. Increase the compensation for Board member attendance at multiple meetings on the same day to \$200;
- ii. Provide compensation for Board members for active transportation travel to meetings in an amount of \$1.56 per mile for travel by bicycle and \$1.50 per mile for travel by foot or wheelchair;
- iii. Make various other non-substantive changes to reorganize and clarify the provisions for Board member meeting attendance compensation;
- iv. Change the start time for regular Board meetings from 9:30 am to 9:00 am.

AB 2721 (Lee)



- The bill was signed by the Governor on September 23, 2022.
- Increases Board Member compensation for attending Board and Committee meetings or attending other meetings while on official business of the Air District to \$100 per meeting, up to \$200 per day.
- Authorizes compensation for active transportation travel to a meeting.
 - Defines active transportation travel as bicycling, walking, and similar travel modes.
 - Compensation rates may consider benefits such as reduced traffic, improved health outcomes, and reduced air pollution.

New Board Compensation Rates



AB 2721 changes compensation to Board Members for attending meetings to \$100 per meeting with a cap of \$200 per day. The annual limit of \$6,000 in compensation per year remains unchanged.

Definition of Active Transportation Travel



AB 2721 defines “active transportation travel” as bicycling, walking, and “... other forms of transportation that ... reduce traffic, improve health outcomes, and reduce air pollution.”

Staff recommends providing compensation for bicycling and walking only as other forms of travel, such as transit, are already compensated.

The bill’s definition of active transportation travel aligns with the active transportation strategies in the 2017 Clean Air Plan and Plan Bay Area 2050, and with the projects funded by the State of California’s active transportation program.

Active Transportation Reimbursement Rates



- Research into bicycle upkeep suggests an average cost of \$0.06 per mile. Studies have estimated that increases in bicycling provide an air quality benefit of \$0.10 per mile, as well an additional \$1.40 per mile in benefits from reduced congestion, roadway cost savings, noise pollution reduction, parking facilities and traffic safety benefits.
- Research into equivalent per mile rates for walking is less robust.
- Walking and bicycling both displace automobile trips, resulting in comparable air quality and societal benefits.
- Staff recommends a walking compensation rate of \$1.50 per mile.

Reorganization/Clarifications to Administrative Code Division III, Section 1.2



- Reorganize Section 1.2 – Compensation for Meeting Attendance – into six subsections, add new language to incorporate requirements of AB 2721 and add non-substantive clarifications where needed.
- The six subsections will be:
 - (a) Meetings Eligible for Compensation - incorporates and clarifies existing requirements;
 - (b) Board Meeting Attendance Requirements - incorporates and clarifies existing requirements
 - (c) Pre-Approval and Reporting Requirements - incorporates and clarifies existing requirements
 - (d) Amount of Compensation – sets Board member compensation for meeting attendance consistent with AB 2721.
 - (e) Active Transportation Travel Calculation – sets Active Transportation Compensation rates and documentation requirements.
 - (f) Reimbursement for Expenses – incorporates and clarifies existing reimbursements for expenditures connected to meeting attendance as provided for in Division II, Section 5.

Change to the Start Time for Regular Board Meetings



- Amend Division III, Section 1.1 – Meeting Dates – to reflect that regular Board meetings now begin at 9:00 am on the first and third Wednesdays of each month.
- This change corresponds to recent Board practice.

Action Requested



That the Administration Committee recommend Board of Directors approval of changes to Air District's Administrative Code to:

- i. Increase the compensation for Board member attendance at multiple meetings on the same day to \$200;
- ii. Provide compensation for Board members for active transportation travel to meetings in an amount of \$1.56 per mile for travel by bicycle and \$1.50 per mile for travel by foot or wheelchair;
- iii. Make various other non-substantive changes to reorganize and clarify the provisions for Board member meeting attendance compensation;
- iv. Change the start time for regular Board meetings from 9:30 am to 9:00 am.

AGENDA: 9

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

ORGANIZATIONAL STRUCTURE ASSESSMENT

NOVEMBER 2, 2022

Prepared by:

**Sjoberg
Evashenk
Consulting**

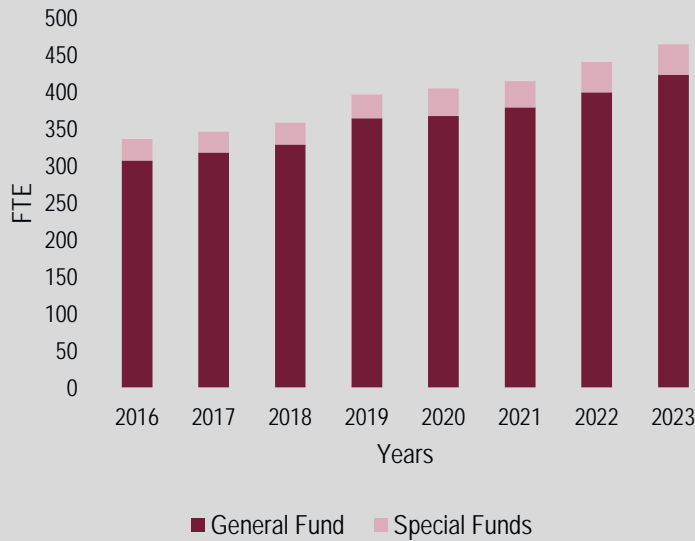
PROJECT OBJECTIVE & APPROACH

- **Task Order No. 3:**
 - **Independent Assessment of the Air District's Organizational Structure**
- **Project Objective:**
 - **Assess the organizational structure of the District**
 - **Inform organizational and staffing decisions based on Board priorities, structural changes, and risk**
- **Project Approach**
 - **Conducted District-wide Risk Assessment (Task Order No. 1)**
 - **Evaluated Board meetings and records to identify Board priorities**
 - **Conducted benchmark research involving peer air districts**
 - **Evaluated budget trends and allocation of resources between 2016 and 2023**
 - **Developed recommendations for the Executive Officer / APCO's consideration**

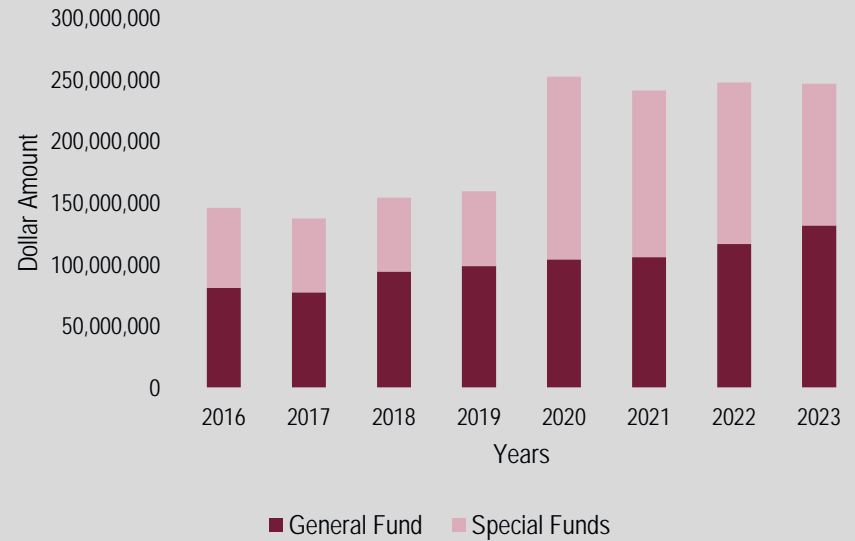
OBSERVATION #1

Recent Increases in Air District Staffing Appear Reasonable When Compared to Peer Agencies

Budget Trends from FYE 2016-23

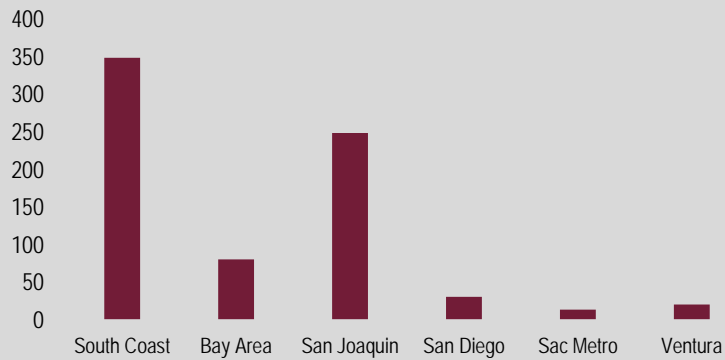


Staffing Trends from FYE 2016-23

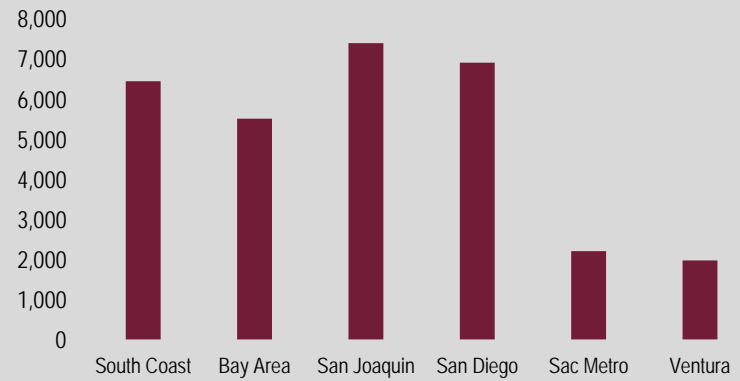


OBSERVATION #1 (CONT'D)

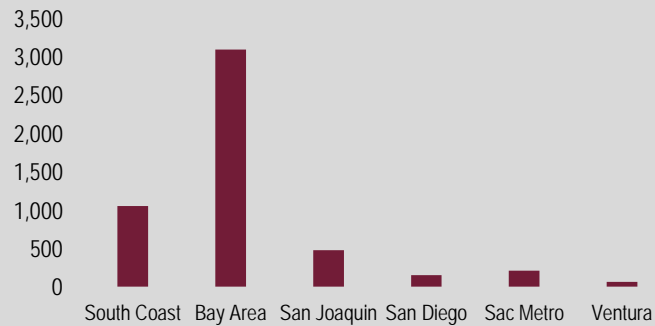
Number of Major Stationary Sources (Title V)



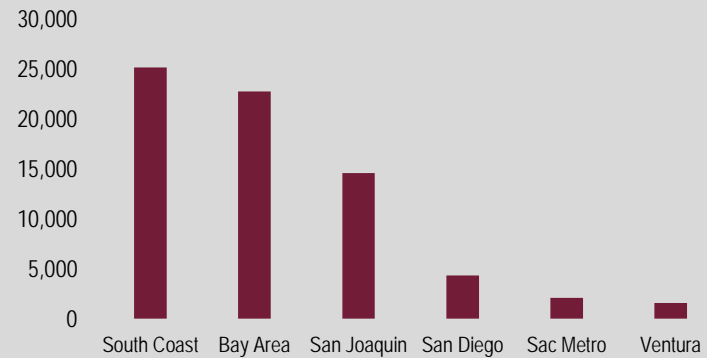
Minor Permitted/Registered Source Inspections



Major Permitted Source Inspections



Number of Minor Stationary Sources

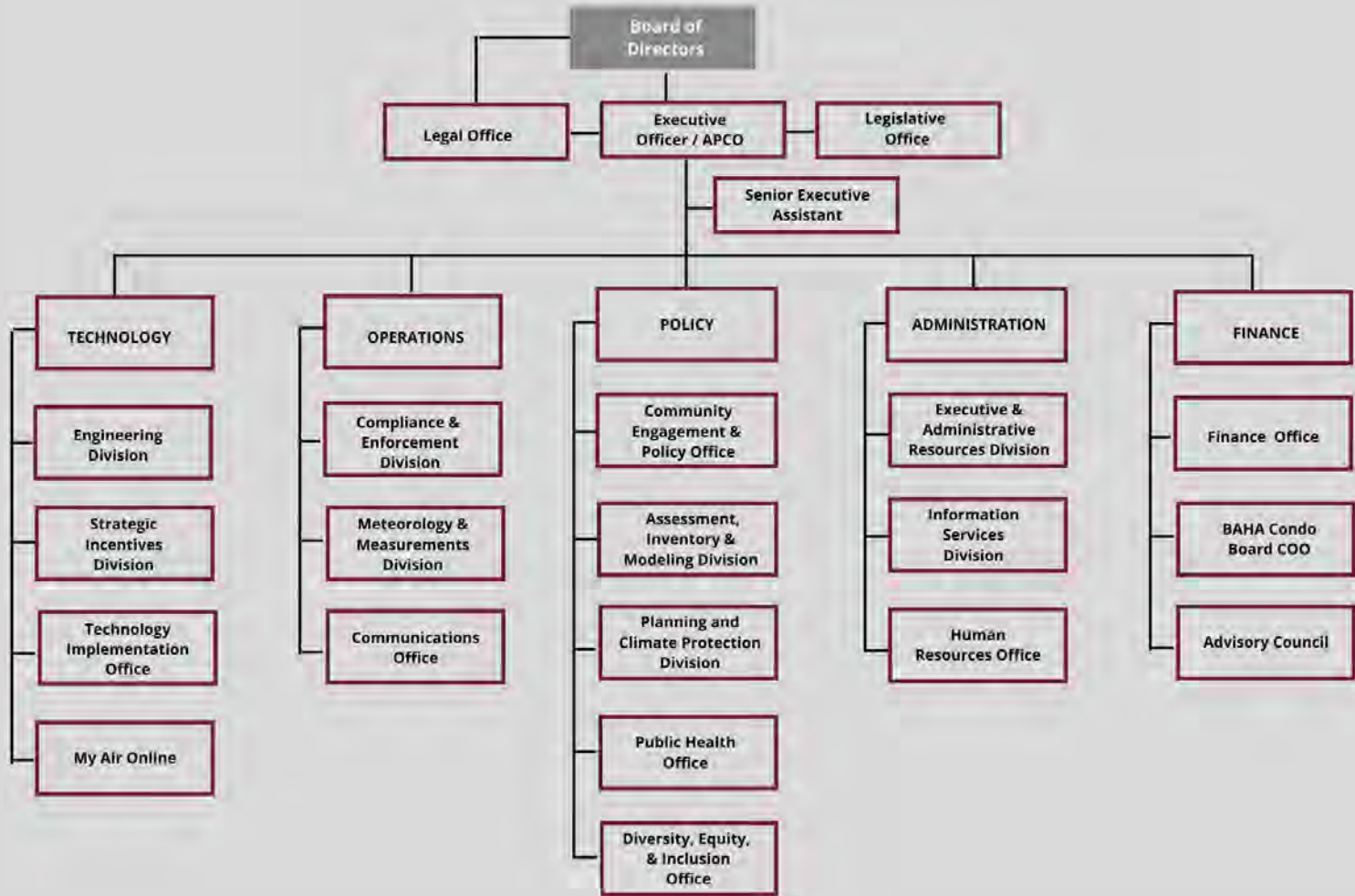


OBSERVATION #2

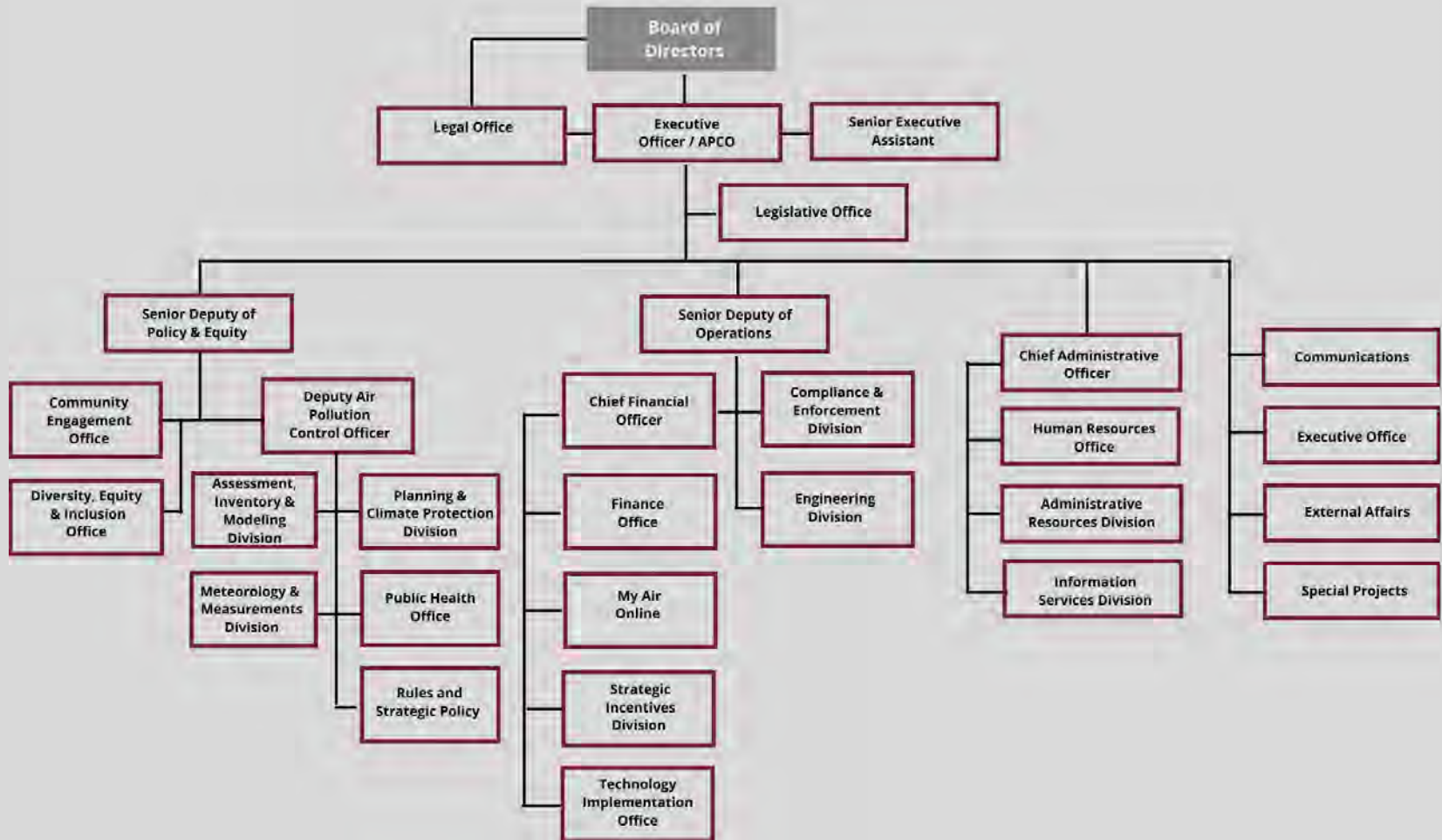
Air District management recently began a reorganization of key district functions

- **Previously, the Air District maintained a relatively flat management structure through several Deputy APCO's with responsibilities over key agency functions, such as engineering, enforcement, finance, policy, and administration.**
- **The Executive Officer / APCO restructured the agency into fewer concentrated operational areas: Policy & Equity and Operations.**

2018 ORGANIZATIONAL STRUCTURE



2022 ORGANIZATIONAL STRUCTURE

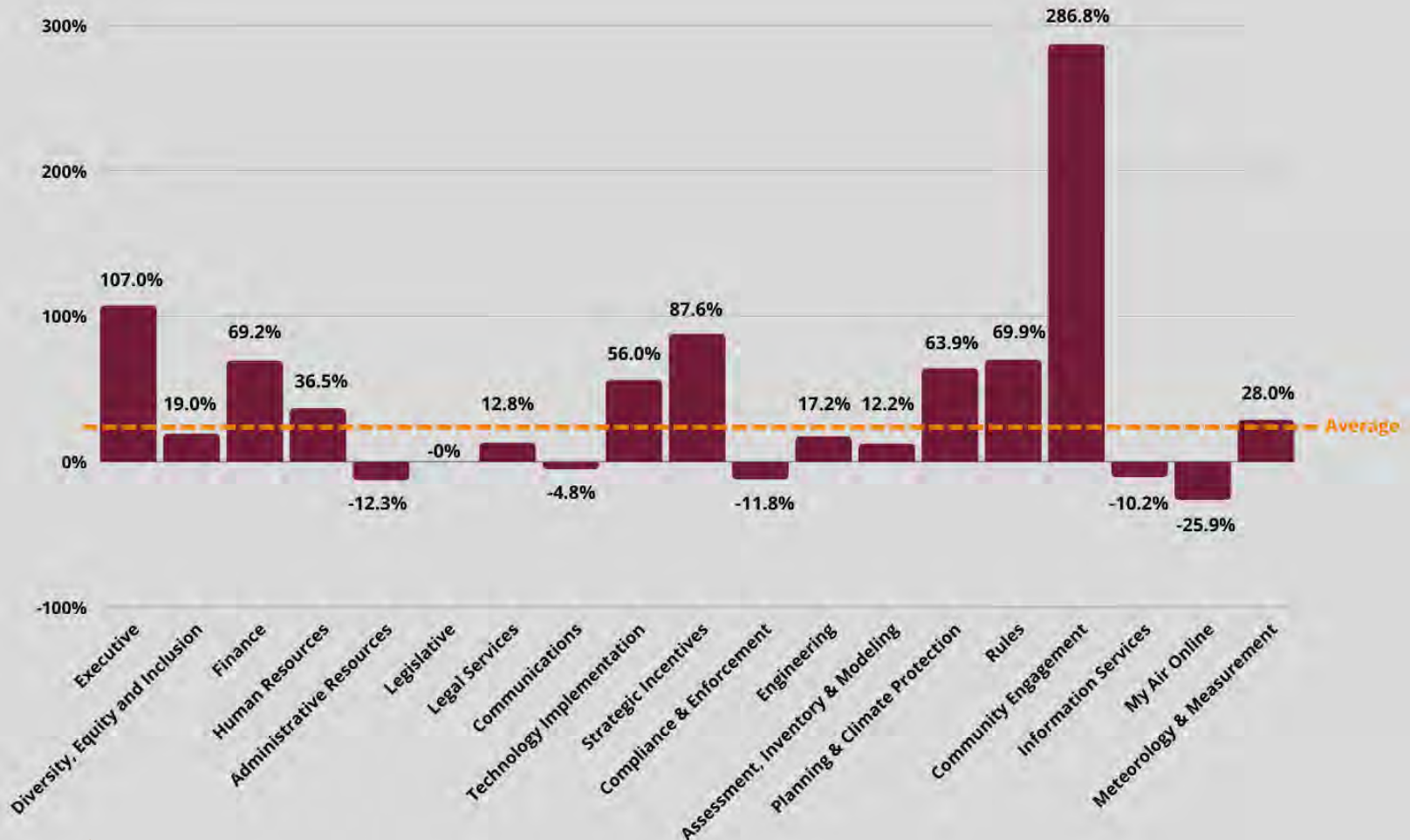


OBSERVATION NO. 3

The reorganization served to prioritize Policy & Equity and place it in a position equal to Operations.

- Since 2016, divisions and programs within Policy and Equity received approximately 43 percent of all new positions created within the Air District, increasing the size of its programs by nearly 50 percent in that time.
- During this time Operations experienced a 20 percent increase in staffing resources, mostly dedicated to Finance, Strategic Initiatives, and Technology Implementation.
- Collectively, Engineering and Compliance & Enforcement collectively experienced a decrease in staffing resources.
- Similarly, staffing resources for Administration remained relatively stable, with staffing reductions to Information Services and Administrative Services, and an increase of nearly 3 FTE in Human Resources.

PERCENT CHANGE IN POSITIONS ACROSS DIVISIONS FISCAL YEARS 2016-2023



OBSERVATION NO. 4

The plan for the Air District's reorganization was not fully documented or set forth as a fully-developed initiative. However, it is evident that the reorganization was never fully completed.

- **Two positions were created in late 2021, a third Deputy Executive Officer and a Director/Officer**
 - **The Deputy Executive Officer was intended to consolidate day-to-day operations of the Executive Office and substantially reduce the Executive Officer / APCO's direct reports from 10 to as few as four.**
 - **The Director/Officer was intended to assist with regular interactions with the Board of Directors—a Board Operations Officer.**
- **We generally agree with the intent of these two positions.**

OBSERVATION NO. 5

This assessment revealed two functions that we believe will benefit the Agency.

- **A Board Operations Officer** within the Executive's Office. Consistent with the recommendations of the prior Executive Officer / APCO, our assessment found that other District's incorporate a similar position designed to provide support to the Board Officers specifically and Board directors in general. This position has already been authorized by the Board.
- **An Ombuds Office**, also within the Executive's Office. Many federal, state, and local agencies employ an ombuds for the purpose of assisting individuals—including the regulated community, in the resolution of conflicts or concerns. This function, operating in accordance with professional standards, may assist in problem resolution and may be instrumental to identifying systematic concerns to management's attention.

OBSERVATION NO. 6

This assessment revealed four areas within the organization where functional realignment is warranted.

- The placement of the **Finance Division** within Operations is contrary to best or common practice, and recommend it be transferred to Administration.
- **Information Technology** systems are decentralized, with Human Resource and Finance administering their own information systems, My Air Online nested within Operations, and a variety of other systems administered within divisions. We recommend the transfer of organization-wide systems to Information Services. Consideration should be given to establishing a Chief Technology Officer for the Air District.
- **Payroll** functions, currently performed within Human Resources, is more appropriately aligned with Finance.
- We recommend establishing a Deputy Executive Officer over **Finance & Administration** to reflect additional responsibilities and ensure equal footing with other agency departments.

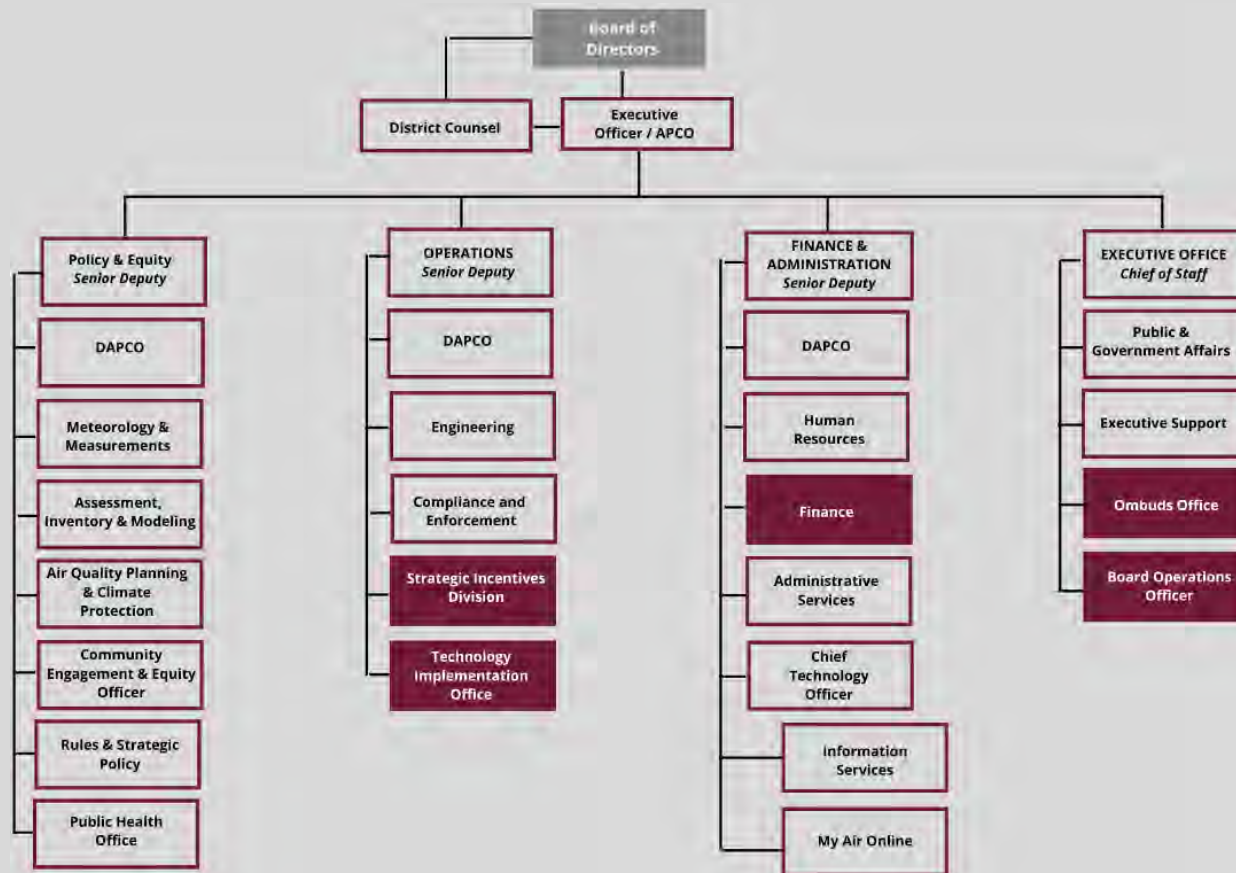
OBSERVATION NO. 7

This assessment revealed three administrative areas where additional staffing resources are needed to address enhancements to internal controls.

- **Information Services** does not have a sufficiently robust cybersecurity program. Consistent with best practices in the public sector, we recommend the Air District establish a dedicated program within Information Services. A recent study recommended the initial allocation of two FTE for this purpose.
- **Administrative Services** operates with relatively few staff and plays an important role general agency support, including facility management, fleet management, procurement, risk management and a variety of other functions. Our risk assessment revealed a lack of a comprehensive risk management function, inventory management controls, and other activities.
- In addition to moving payroll functions from Human Resources to Finance, we recommend that **Finance** dedicate a section to budget management, focused not only on budget development, but ongoing monitoring and reporting.

RECOMMENDATION NO. 1

Based on these observations, we recommend consideration of the following Organizational Structure of the Air District.



RECOMMENDATION NO. 2

Based on Observations 1-7, we recommend consideration of the following allocation for the 20 positions authorized through the FYE 2023 Budget.

Divisions/Offices	District's Allocation of Unfilled Positions
Executive	2
Operations	
Compliance & Enforcement	4
Engineering	4
Finance	2
Policy & Equity	
Community Engagement	2
Rules	1
Administration	2
Administrative Resources	1
Information Services	2

RECOMMENDATION NO. 3

Based on this assessment, as well as our work on the District-wide Risk Assessment, it is evident that a strategic plan would benefit the Air District.

- The scope and mission of the Air District has evolved over the past 20 years in response to significant legislation and policy setting.
- With an increasing focus on distinct yet overlapping goals related to community health, greenhouse gas emissions, and ambient air quality, Air District divisions are challenged to prioritize the important work of the District.
- Interviews with District personnel reveal challenges in how staff and management balance competing priorities, workload demands, and the interests of multiple stakeholders, all without a clear vision for the organization.
- There are trade-offs in setting priorities, and a strategic planning process is an appropriate vehicle for identifying goals and trade-offs, developing clear initiatives, and allocating appropriate resources for achieving them.

RECOMMENDATION NO. 3 (CONT'D)

Additional opportunities exist to align business functions, but further evaluation in the context of the strategic plan should be considered.

- **Grant Programs.** Strategic Incentives and Technology Implementation are currently distinct units with similar purposes, functions, and responsibilities. Efficiencies may be gained by merging the divisions in the future.
- **Public & Government Relations.** Currently there are several divisions engaged in functions that perform “external affairs” type functions, including Communications, Legislative Office, External Affairs, and others. Grouping these functions is worthy of consideration.
 - South Coast includes in a singly department the following functions: Media Relations, Legislative Affairs, Community Outreach, Environmental Justice, Small Business Assistance, Government Relations, and Communications.
- **Diversity, Equity & Inclusion.** This is traditionally a function of Human Resources, and is an important function of Human Resources management.
- **Laboratory Services & Source Test.** Both functions are closely linked to Engineering and Compliance & Enforcement functions.

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BAY AREA
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AGENDA: 9

Management Audit Recommendations on Air District Organizational Structure

**Administration Committee Meeting
November 2, 2022**

**Sharon Landers
Interim Executive Officer/APCO
sharon@baaqmd.gov**



Recommend the Administration Committee

- Receive and file the Management Auditor's Organizational Structure Assessment.
- In accordance with the auditor's Organizational Structure Assessment, direct the Interim Executive Officer to prepare and present to the Board of Directors for approval, within sixty (60) days, recommendations for position classifications and assignments of the twenty (20) vacant and unassigned positions listed in Table 1 of Appendix H in the Fiscal Year Ending (FYE) 2023 Budget.
- Direct the Interim Executive Officer to prepare an Action Plan to address the Organizational Structure Assessment's restructuring recommendations and present the Plan to the Administration Committee as soon as practicable.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

PERFORMANCE AUDIT OF HUMAN RESOURCES FUNCTIONS

NOVEMBER 2, 2022

AGENDA: 10

Prepared by:

Sjoberg
Evashenk
Consulting

PROJECT OBJECTIVES

- **Task Order No. 2:**
 - **Performance Audit of Human Resources Management Functions within the Air District**
- **Audit Objectives:**
 - **Established human resources management functions ensure compliance with federal and state laws, as well as District policies and directives.**
 - **Human resources business processes efficiently and effectively meet Air District priorities.**
 - **The recruitment and filling of the 16 remaining FYE 22 vacancies is compliant with Board directives and the FYE 22 Budget.**
- **Audit Scope:**
 - **All human resources management functions of the Air District between July 2018 through October 2022**

PROJECT APPROACH

To meet the audit objectives, we performed the following procedures:

- Interviewed Human Resources management and staff.
- Reviewed relevant provisions of the Health & Safety Code, Administrative Code, Memorandum of Understanding with the Employees' Association, and Human Resources policies and procedures.
- Analyzed data maintained in the human resources information system, other electronic records such as the Position Control Document, and payroll records.
- Analyzed the Air District's classification specifications, job postings, classification plan, compensation schedules, compensation studies, and other information related to compensation management within the District.
- Observed employee record keeping practices and reviewed a sample of 10 employee personnel files.
- Evaluated the organizational structure of Human Resources and the allocation of workload to staff resources.

AUDIT FINDINGS

Audit findings are organized into three sections:

- Compensation Plan Management
- Position Management
- General Human Resources Processes & Controls

COMPENSATION PLAN MANAGEMENT

- **Human Resources Compensated Certain Air District Employees In Ways That Did Not Comply With Board-Adopted Requirements**
 - **The CAO and Human Resources Officer Set and Modified Executive Compensation for Board-Appointed Employees Without Board Approval**
 - **Human Resources Misapplied Compensation for Some Acting Management-Level Positions**
 - **Air District Paid Overtime to Employees Not Entitled to Overtime Compensation and to Other Employees that May Be Exempt from Overtime Considerations**
 - **Performance Evaluations and Merit-Based Salary Increases Were Not Administered In a Manner Consistent with the Administrative Code**

COMPENSATION PLAN MANAGEMENT (CONT'D)

- **Human Resources Has Not Consistently Monitored or Informed Air District Leadership of Market Compensation Levels**
 - **Human Resources Did Not Report All Compensation Study Results to the Board That Revealed Compensation Higher than the Market**
 - **Compensation Surveys Did Not Define or Include All Applicable Compensation or Benefit Components in Its Analysis of Total Compensation**
- **The Air District Has Not Established a Compensation Philosophy as a Framework for its Compensation Plan**

POSITION MANAGEMENT

- **Human Resources Has Not Established a Reliable Method for Controlling the Allocation of Staffing Resources to Air District Divisions or Programs**
 - The position control document and organization chart both contained numerous inaccuracies related to the location and status of authorized positions within the Air District.
 - Human Resources processed the filling of several positions that the Board had authorized and that management had committed to placing on hold.
 - The Human Resources and Finance Offices did not effectively coordinate to ensure the allocation of personnel resources was supported by Board-adopted budgets.

POSITION MANAGEMENT (CONT'D)

- **The Air District Designed Overly-Broad Classification Specifications That Lacked Critical Information**
 - Existing Classification Specifications Do Not Include FLSA Designations
 - Many Classification Specifications or Job Postings Do Not Provide Sufficient Detail
 - Classifications Lack Specifics Regarding Reporting Relationships or Spans of Control
 - Air District's Classifications Do Not Clearly Define Essential Functions,
 - The Lack of Position Descriptions affects the Quality of Information Available to Candidates during Recruitment Efforts.
- **A Comprehensive Classification Study is Necessary**

GENERAL HUMAN RESOURCES PROCESSES AND CONTROLS

- **Record Retention Practices Are Not Consistent with Best Practices or Legal Mandates**
 - Employment Documentation is Required by Law and Needed to Adhere to Policy
 - Human Resources Stores Employee Records Spanning Decades in Multiple Locations, Impeding Its Ability to Produce a Complete Employee File
 - Decentralized Recordkeeping Practices are Duplicative and Do Not Adequately Protect Confidential Data
- **Workforce Development and Recruitment Efforts Lack Strategic Focus**

GENERAL HUMAN RESOURCES PROCESSES AND CONTROLS (CONT'D)

- **Human Resources Policies and Procedures Are Outdated and Require Updating**
 - **The Human Resources Office Appears Appropriately Staffed, but Certain Activities are Not Structured in a Manner Consistent with Industry Standards**
 - **Staffing Levels are Appropriate, although the Allocation of Staff Resources to Core Human Resources Functions Could Be Improved**
 - **Conflicting Human Resources and Payroll Functions Are Not Adequately Segregated**
- **Human Resources Handles the Administration of its Dayforce Human Resources Information System Without Appropriate District-Wide Information Technology Oversight**
- **Human Resources Should Develop and Implement Background Checks Policies and Procedures**

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BAY AREA
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AGENDA: 10

Management Audit Report on Air District Human Resources Functions

Administration Committee Meeting
November 2, 2022

Sharon Landers
Interim Executive Officer/APCO
sharon@baaqmd.gov

Recommend the Administration Committee



- Receive and file the Human Resources Audit Report.
- Direct the Interim Executive Officer to prepare an action plan to address the Human Resources Audit Report's recommendations and to present the action plan to the Administration Committee for approval within 60 days.