Update on the Air District’s Management Audit Responses

Finance and Administration Committee Meeting
May 15, 2024
Management Audit Status Agenda

Staff will present an update on the corrective actions taken in response to the Air District’s Management Audit in Human Resources and My Air Online.

- Human Resources Corrective Action Plan Update
- My Air Online (Enterprise Technology Solutions) Update
- Status of Completed Audits
### Human Resources Corrective Action Plan Status

<table>
<thead>
<tr>
<th>Complete</th>
<th>Audit #</th>
<th>Planned Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>1.1</td>
<td>Establish policy and procedures and implement controls that require board action and the Chair of the Board to authorize by signature the salary for individuals acting in Board appointed positions</td>
</tr>
<tr>
<td>✓</td>
<td>1.2</td>
<td>Present compensation plan to the Board and removal of benefits from the administrative code. RFQ to engage services for Administrative Code update</td>
</tr>
<tr>
<td>✓</td>
<td>1.3</td>
<td>Staff will consult with District Counsel regarding the potential for recovering acting pay provided to non-represented employees in conflict with the Administrative Code</td>
</tr>
<tr>
<td>✓</td>
<td>1.4</td>
<td>Initiate RFQ for outside services to conduct an independent review and documentation of FLSA status for every position. Seek EA and Board approval</td>
</tr>
<tr>
<td>✓</td>
<td>1.5</td>
<td>Short Term – Staff will develop management policy that requires completion of timely and accurate performance evaluations Long Term Staff will engage with Employees association to develop RFQ for services to overhaul the performance evaluation system</td>
</tr>
<tr>
<td>✓</td>
<td>1.6</td>
<td>In consultation with the Board of Directors, Initiate RFQ for service to facilitate strategic planning for the agency, strategic planning for HR and setting of compensation philosophy as part of the HR strategic plan</td>
</tr>
<tr>
<td></td>
<td>1.7</td>
<td>In consultation with the Board of Directors, develop compensation plan and maintenance protocols consistent with the overall strategic plan</td>
</tr>
<tr>
<td>✓</td>
<td>1.8</td>
<td>The Executive Officer sent a memo to all staff on 12/19/2022, establishing a new policy with default “Needs Improvement” rating for not completing evaluations when probation or salary increases are due</td>
</tr>
<tr>
<td>✓</td>
<td>1.9</td>
<td>Develop Board direct reports succession resolution for Board authorization</td>
</tr>
</tbody>
</table>
### Human Resources Corrective Action Plan Status (cont.)

<table>
<thead>
<tr>
<th>Complete</th>
<th>Audit #</th>
<th>Planned Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>2.1a</td>
<td>Staff will develop governing policy and Administrative Operating Procedures (AOP) to assure proper controls listed in the recommendations.</td>
</tr>
<tr>
<td>✓</td>
<td>2.1b</td>
<td>Staff will include controls in the policy and procedures established under 2.1.a that require signature of finance division director or designee</td>
</tr>
<tr>
<td>✓</td>
<td>2.2</td>
<td>Staff will include the steps recommended in 2.2 into the annual budget process. Create an AOP for mid-year personnel budget adjustments</td>
</tr>
<tr>
<td>✓</td>
<td>2.3</td>
<td>Staff will include the steps recommended in 2.2 into an AOP for position status changes.</td>
</tr>
<tr>
<td>✓</td>
<td>2.4</td>
<td>Staff will initiate a procurement for outside services to conduct an independent classification study that includes the scope listed under recommendation 2.4</td>
</tr>
<tr>
<td>✓</td>
<td>2.5</td>
<td>Staff will include the steps recommended in 2.5 into an Administrative Operating Procedure for position status changes.</td>
</tr>
</tbody>
</table>
### Human Resources Corrective Action Plan Status (cont.)

<table>
<thead>
<tr>
<th>Complete</th>
<th>Audit #</th>
<th>Planned Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>3.1 a,b,c</td>
<td>Staff will develop and implement policy and Administrative Operating Procedure (AOP) to for the governance of paper and electronic records in accordance with audit recommendations 3.1, secretary of state guidelines and the District’s Administrative Code requirements.</td>
</tr>
<tr>
<td>✓</td>
<td>3.2</td>
<td>Legal staff will review records retention schedule and draft updates for board approval.</td>
</tr>
<tr>
<td>✓</td>
<td>3.3</td>
<td>Staff will obtain a list of currently authorized personnel for the Human Resources file room from building security, assure that list conforms to need to know, and create Policy and AOP for maintaining that list.</td>
</tr>
<tr>
<td>✓</td>
<td>3.4</td>
<td>In consultation with the Board of Directors, Initiate RFQ for service to facilitate strategic planning for the agency, strategic planning for HR and setting of compensation philosophy as part of the HR strategic plan.</td>
</tr>
<tr>
<td>✓</td>
<td>3.5</td>
<td>Staff will initiate a procurement for services to conduct an independent review and recommendations for all HR policy and AOP updates.</td>
</tr>
</tbody>
</table>
|          | 3.6     | Estimated Completion Date: 12/2024  
Staff will develop and implement policy and Administrative Operating Procedure (AOP) for the governance of background checks to include the recommendations in section 3.6 of the HR Audit Report. |
| ✓        | 3.7     | Staff will migrate resources and tasks from Human Resources Division to Financial Resources Division in consultation with the employees responsible for the activities. |
| ✓        | 3.8     | Staff will migrate resources and tasks from Human Resources Division to Information Services Division in consultation with the employees responsible for the activities. |
## Human Resources Corrective Action Plan

### Estimated Timeline

<table>
<thead>
<tr>
<th></th>
<th>Q4 2023</th>
<th>Q1 2024</th>
<th>Q2 2024</th>
<th>Q3 2024</th>
<th>Q4 2024</th>
<th>Q1 2025</th>
</tr>
</thead>
</table>
| Classification & Compensation Study  
(Audit # 1.7)             |         |         |         |         |         |         |
| Revise and update Division III of the Administrative Code: Personnel Policies and Procedures (Audit # 3.6) | | | | | | |

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**Finance and Administration Committee Meeting**  
May 15, 2024  
Bay Area Air Quality Management District
My Air Online - Recap

Project to decommission legacy computer systems that support permitting and enforcement operations

- Project started in 2007 – 17 years ago with goal of decommissioning legacy computer systems
- Operating with three systems since 2012 (My Air Online and two legacy systems one from the 1970s and one from 1999)
- New project team May 2023
- Audit recommendations presented to Finance and Admin committee in October 2023
- Auditor noted most of the recommendations were already underway
- Staff committed to decommissioning both legacy computer systems before April 1, 2024
Audit Recommendation Status

1) Increase project transparency and establish project governance
   • Assign IT project oversight to the Chief Technology Officer - **Complete**
   • Project oversight by a Board Committee - **Complete**

2) Implement leading project management practices
   • Implement standardized project management framework – **Complete**
   • Implement standardized contract and vendor management - **Complete**

3) Evaluate vendor lock-in and complete knowledge transfer
   • Document system design - **In Progress**
   • Onboard or train staff with expertise necessary to maintain the system - **In Progress**
Celebrating the Decommissioning of Both Legacy Systems

- **Databank – HP 3000**
  - 1977
  - 1999
  - 2012
  - 2023

- **IRIS – HP 9000 Enforcement Operations**
  - 1999
  - 2012
  - 2024

Decommissioned January 2024
Cost Savings from Decommissioning

- 7 FTEs ~ $1.4M Fully Burdened
- $400,000/Year Services and Supplies
- Total Savings $1.8M/Year
Programmatic Audit in progress by CARB

- Other divisions/programs are in various stages of assessment and transition under new Deputy EO team

- Recommendation: Pause external management audits allowing time for internal assessments and Strategic Plan implementation planning
Recommended Action

- None.
My Air Online Status Update and Authorization to Execute Contract Amendments

Finance and Administration Committee
May 15, 2024

John Chiladakis
Deputy Air Pollution Control Officer
Chief Technology Officer
jchiladakis@baaqmd.gov
Presentation Outline

• My Air Online Recap
• Project Costs
• Planned Functionality
• Funding Request
My Air Online Project- Recap

Project to decommission legacy computer systems that support permitting and enforcement operations

• Project started in 2007 – 17 years ago with a goal of decommissioning legacy computer systems

• Operating with three systems since 2012 (My Air Online and two legacy systems one from the 1970s and one from 1999)

• New project team May 2023

• Both legacy systems decommissioned in January 2024
Past and Projected Costs for Maintenance and Development

Annual Maintenance and New Development Costs

<table>
<thead>
<tr>
<th>Year</th>
<th>Maintenance Cost ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>2.7</td>
</tr>
<tr>
<td>2021</td>
<td>2.8</td>
</tr>
<tr>
<td>2022</td>
<td>2.9</td>
</tr>
<tr>
<td>2023</td>
<td>3.1</td>
</tr>
<tr>
<td>2024</td>
<td>3.1</td>
</tr>
<tr>
<td>2025</td>
<td>2.9</td>
</tr>
</tbody>
</table>

FISCAL YEAR ENDING

- Maintenance: $1.1 M
- Legacy Systems Decommissioned
- Project Restructured
Cost Savings from Legacy System Decommissioning

- 7 FTEs ~ $1.4M Fully Burdened
- $400,000/Year Services
- Total Savings $1.8M/Year
Past and Projected Costs with Decommissioning Savings

My Air Online – Annual Costs with Decommissioning Savings

- 2020: $2.7 million
- 2021: $2.8 million
- 2022: $2.9 million
- 2023: $3.1 million
- 2024: $2.3 million
- 2025: $1.1 million
My Air Online – Enterprise Technology Solutions

FYE 2024
• Legacy Decommissioning
• Transition and Performance Enhancements
• Legal Department Integration

FYE 2025
• New Competitive Procurement
• Enforcement and Permitting Enhancements
• Full Documentation / Knowledge Transfer
• Resiliency and Security Enhancements
• Integrate Strategic Planning Community Facing Transparency

FYE 2026
• Updates and Maintenance
• Efficiency Enhancements
• Community Facing Applications
My Air Online – Enterprise Technology Solutions FYE 25

- Coordinate with community to develop technologies that provide transparency in permitting and compliance
- Provide systems to report business metrics that identify bottlenecks
- Provide an interface that clearly identifies permit application status for external and internal stakeholders
- Enhance status reporting for engineering, legal and compliance workflows
- Provide geographical maps on the website with emissions information
Examples of Features in My Air Online
Applying for a permit
Examples of Features in My Air Online Automated Calculations

- Emissions and application fees
- Regulatory triggers
- Template permit conditions
- Routes to engineer
Examples of Features in My Air Online
Checking Application Status
The Committee will consider recommending the Board of Directors authorize the Executive Officer/APCO to amend current vendor contracts to extend the term of each contract through July 1, 2025, and increase the contracted amounts by the amounts listed in the staff report and totaling $1.4M for projected expenditures during the first half of Fiscal Year Ending (FYE) 2025. These expenditures will be contingent upon the Board of Directors’ approval of the proposed FYE 2025 budget which includes these funds.
Modernization of Information Technology Infrastructure

Finance and Administration Committee Meeting
May 15, 2023

John Chiladakis
Deputy Air Pollution Control Officer
Chief Technology Officer
Jchiladakis@baaqmd.gov
Outline

- Background
- Current Infrastructure
- Proposed Design
- Cost
- Request to Recommend Project
Requested Action

• The Committee will consider recommending the Board of Directors approve funding the new infrastructure project
Background

- Air District has been refreshing its information technology (IT) infrastructure every 6 years
- We are two years overdue now with 9-year-old technology
- Two Datacenters:
  - Onsite in San Francisco
  - Sacramento for disaster recovery and business continuity
- Refresh has typically cost $3 million (M) in equipment with $250,000 per year in hardware warranties, licenses and operational costs
Current Infrastructure Connectivity

Internet

Beale Street HQ

Fast WAN Connection

Sacramento Disaster Recovery Datacenter
Proposed Infrastructure Connectivity

Internet

Cloud Services

- Economical
- Scalable
- Resilient

Beale Street HQ
• Upfront capital outlay $1.5M instead of $3M required previously
• Competitively bid leveraged procurement agreements
• Cloud services cost of $250,000 per year offset by $250,000 per year in hardware warranties and other operational costs
• $1.5M savings over 6 years
Recommended Action

The Committee will consider recommending the Board of Directors approve:

• Executing contracts with competitively qualified vendors ePlus Technologies, Inc., CDWG Inc., SSP Data, Inc. and/or SHI, Inc. for IT equipment and installation services in a total amount not to exceed $1.5M

• Transferring funds not to exceed $650,000 from multiple program budgets where actual expenditures are below projected expenditures in their (FYE) 2024 services, supply and capital budgets

• Amend the competitively bid contract with Dell, Inc. to increase the annual expenditure on Microsoft Cloud services by $250,000 per year