



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

AGENDA: 4

Update on the Corrective Action Plan to Implement Recommendations from the Engineering Performance Audit

**Finance and Administration Committee Meeting
October 16, 2024**

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Presentation Outcome

- Consider and discuss an update on the implementation of the Corrective Action Plan developed in response to recommendations from the Engineering Performance Audit

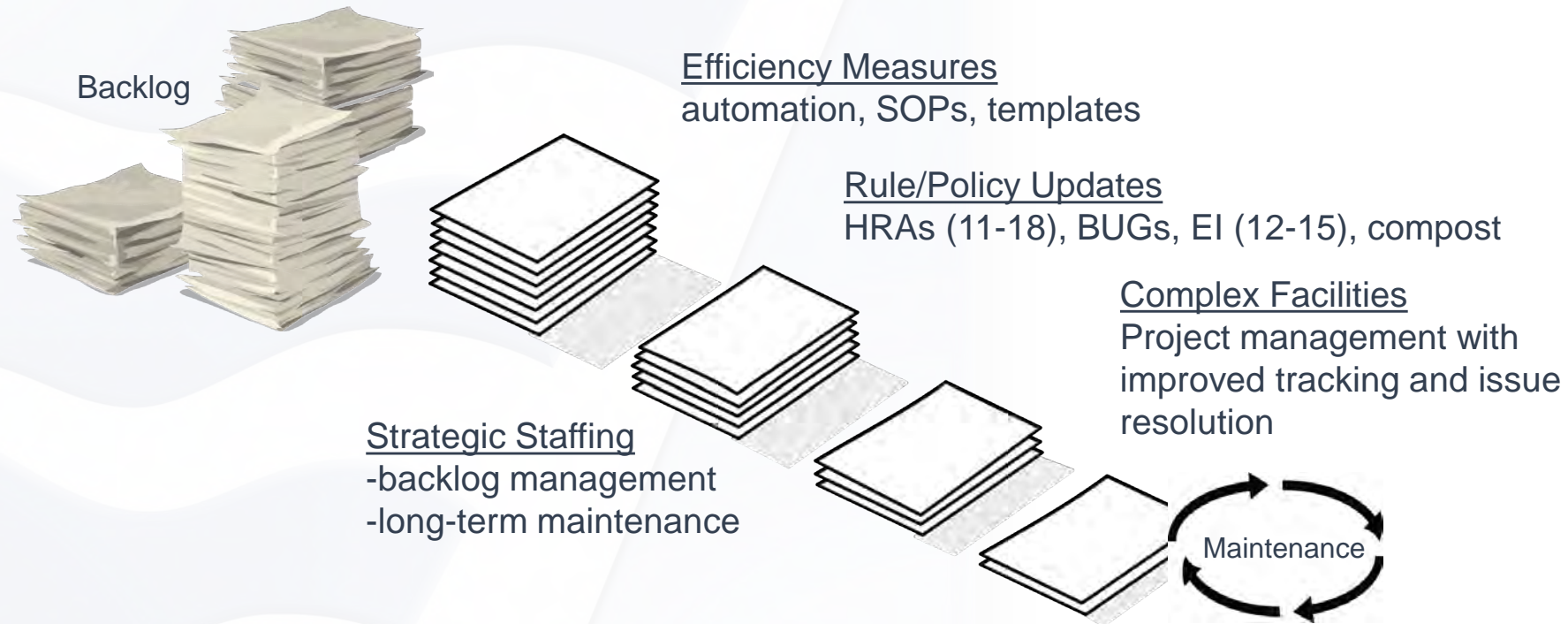
Presentation Outline

- Recap of the December 2023 Audit Findings
- March 2024 Corrective Action Plan
- Progress Updates on Key Areas
 - Progress on Tracking, Permit Timeliness, and Resource Management
 - Near-term key achievements = indicators of progress
 - Long-term efforts = setting up for long-term success
 - Action Plan Status
 - Transition to Strategic Plan
 - Highlight: Reporting metrics
 - Highlight: Permit tools for the public
- Next Steps

Engineering Audit Findings and Recommendations

Finding(s)	Recommendation(s)
Timeliness/backlog	<ol style="list-style-type: none"> 1. Develop a backlog plan 2. Improve tracking 6(a)(1). Assess resource needs (including staffing) 6(a)(ii). Identify/resolve bottlenecks
Tracking: Permit Process and Bottlenecks	<ol style="list-style-type: none"> 2(a). Track permit process steps 2(c). Create reports for efficiency, bottlenecks, and payments 2(d). Develop standardized reports for management 2(e). Identify/correct erroneous data migrated to NPS 6(a)(ii). Identify/resolve bottlenecks
Tracking: Management Time	<ol style="list-style-type: none"> 3. Track and account for management time spent on permit program
Tracking: Accounts	<ol style="list-style-type: none"> 2(b). Track payments in NPS 2(c). Create reports for efficiency, bottlenecks, and payments 6(b). Track, identify, and collect payments for delinquent accounts
Resource Management: Staffing and Workload	<ol style="list-style-type: none"> 4. Create a new job classification for an entry-level position for the Division 5. Review/update workload prioritization process 6. Assess resource needs to meet workload demands 6(a). Assess/transfer non-core activities 6(a)(i). Assess whether current staffing can implement work from newly adopted programs
Cost Recovery	<ol style="list-style-type: none"> 7. Re-evaluate/update (as needed) Cost Recovery and Containment Policy and fee schedules

Corrective Action Plan



Tracking: • ID opportunities • accountability • transparency • progress

Corrective Action Plan - Phases

Phase I: Planning

- 6 months
- Plans for backlog reduction, tracking, staffing, work prioritization, cost recovery
- Create metrics to report progress to the Board of Directors
- Complete concrete near-term recommendations
- Continue on-going improvements (NPS, efficiency measures, etc.)

Phase II: Implementation of corrective actions and establishment of tracking

- End of 2024-2027

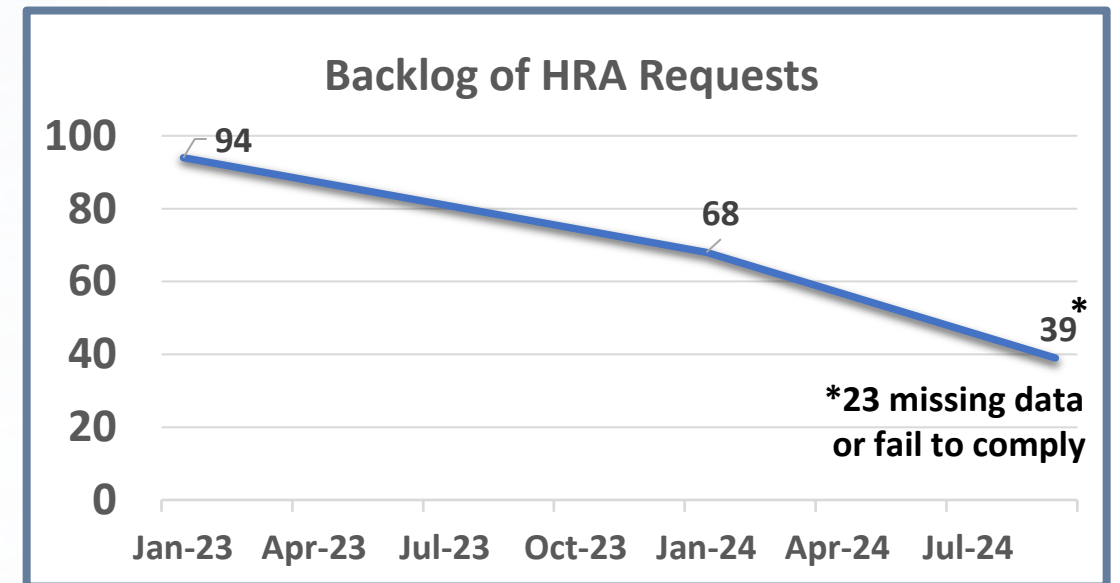
Phase III: Adjust and maintain performance improvements

- 2028-2029+

Progress: Key Achievements

Timeliness/Backlog Reduction = Efficiency Improvements

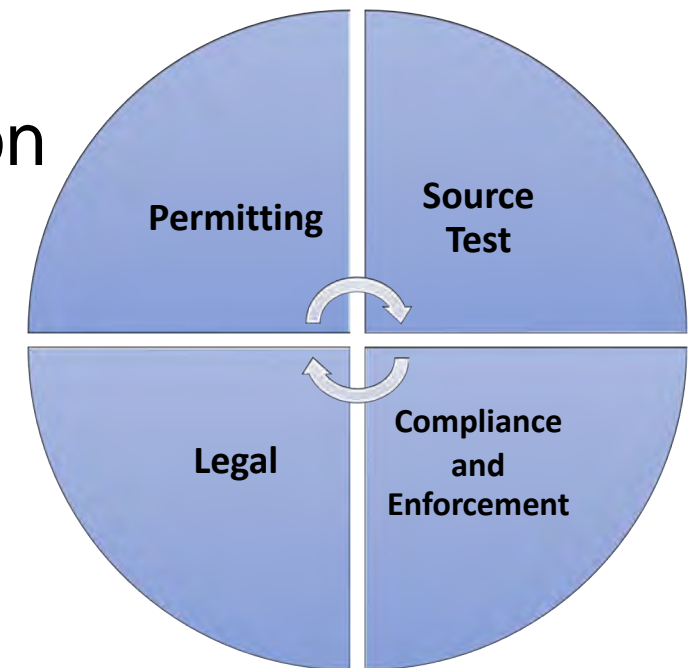
- Developed streamlined backup generator approach
- Developed streamlined compost approach
- *Streamlined* Health Risk Assessments (HRAs) in 1Q 2024
 - ✓ additional efficiencies developed for Tier 4 backup generators
- Improvements in Risk Assessment and Reduction Section (staffing and efficiencies)



Progress: Key Achievements (cont'd)

Timeliness/Backlog Reduction = Efficiency Improvements

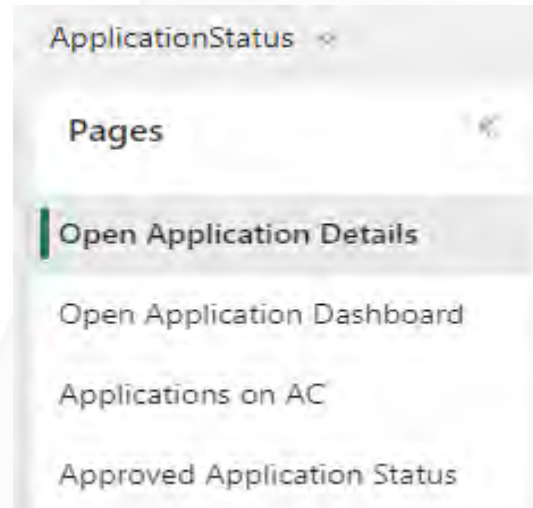
- Prioritized Rule Development needed for Permit Streamlining
- Launched in-house comprehensive technical training course
- New Permit Handbook
- Improving permitting process lifecycle coordination



Progress: Key Achievements (cont'd)

Tracking and Reporting

- New Production System (NPS) Upgrades
- Developed reporting tools to monitor progress
- Mapped key permit process steps for tracking



Progress: Key Achievements (cont'd)

Tracking and Reporting

- NPS data migration errors corrected
- Programmed Application Overdue Reasons for tracking, reporting, and removing barriers

The image shows two screenshots from a software interface. The left screenshot displays the 'APPLICATION STATUS' for an application. The status is 'COMPLETE - APPLICATION UNDER EVALUATION'. The next due date is 'Oct 16, 2023', with a red clock icon and '-339 Days Overdue' next to it. The initial submit date is '6/26/2023'. There is a button to 'Update Application Status' and an 'Add Note' field.

The right screenshot shows a dropdown menu for 'Overdue Reason:'. The menu is open, showing several options with corresponding values:

Overdue Reason Type	Value
Applicant review	
Awaiting ENG management decision	
Compliance issues - BACT/TBACT	\$1,313.00
Compliance issues - Other	(\$2,020.00)
Compliance issues - Project Risk	(\$707.00)
Data clean-up	

Progress: Key Achievements (cont'd)

Resource Management

- Hired a Project Manager for Corrective Action Plan
 - Purpose
 - Implementation of the corrective action plan
 - Developing and executing a structured approach to address the backlog of overdue permits and applications
 - Accomplishments
 - Developed New Metrics and Reporting Systems to track progress of corrective actions
 - Improved Internal Stakeholder Communication regarding status of the corrective action plan
 - Automated Processes for Optimization for greater efficiency and fewer errors

Progress: Long-term

Timeliness/Backlog Reduction = Efficiency Improvements

- Regulatory Revisions to streamline permitting
- Continuous improvement of Improving permitting process lifecycle coordination ***including incorporating into NPS***

Tracking and Reporting

- Programming additional key permitting steps in NPS for reporting to assess efficiency and remove bottlenecks

Progress: Long-term (cont'd)

Resource Management

- Development of facility funded Dedicated Engineer/Project Manager
- Development of Expert Consultant Bench

Cost Recovery

- Development of options for consideration at the December Finance and Administration Committee

Action Plan Status: Timeliness/Backlog

Finding:	Timeliness/backlog		Phase 1 - Plan		Phase 2 - Implement			Phase 3 - Adjust		
Audit Rec. No.	Planned Action	complete	Q2 2024	Q3 2024	Q4 2024	2025	2026	2027	2028	2029
1	Staff will develop a comprehensive backlog reduction plan		✓	✓						
1,2	Staff will create standard metrics to report progress to the Board									
1	Staff will create a list of backlogged permits and identify the action(s) and timeline to take final action		✓	✓						
1	Staff will finalize action on backlogged permits		✓	✓						
1, 6(a)(i)	Staff will assess resource-intensive programs and identify opportunities for efficiencies, which may require rule amendments (e.g., 2-5, 12-15, 11-18, BUGs, BACT, composting)		✓	✓						
1	Staff will develop a rule amendment plan, including a timeline		✓	✓						
1	In consultation with the Board of Directors, staff will develop policy updates and/or rule amendments for Rule 11-18, Rule 12-15, Rule 2-5, BUGs, BACT, and composting, along with others that may be identified in the rule amendment plan		✓	✓						
1, 5, 6	Staff will create project teams for complex sources to have more streamlined coordination			✓						
1, 6(a)(ii)	Staff will initiate a procurement for outside project management services to develop internal coordination tools and efficiency measures			✓						

Action Plan Status: Timeliness/Backlog (cont'd)

Finding:	Timeliness/backlog		Phase 1 - Plan			Phase 2 - Implement			Phase 3 -Adjust	
Audit Rec. No.	Planned Action	complete	Q2 2024	Q3 2024	Q4 2024	2025	2026	2027	2028	2029
1	Staff will implement efficiency measures based on tracking corrective actions									
1, 2, 6(a)(ii)	Staff will evaluate external causes of permit delays (e.g., applicant, school notifications, CEQA, EIR) and develop a plan to address the impact on permit timelines									
1, 2, 6(a)(ii)	Staff will identify and resolve bottlenecks in the permit process based on metrics and reports developed through the tracking corrective actions									
1	Staff will complete revisions of the Permit Handbook and managers will work with staff to ensure Air District policies are efficiently implemented	✓	✓	✓						
1	Staff will enhance and expand customer service tools on the permit process (e.g., tools for complete submittals, status checker, dispute resolution)									
1, 6(a)(i)	Staff will develop backlog reduction and maintenance staffing plans based on workload corrective actions									

Action Plan Status: Tracking – Permit Process and Bottlenecks

Finding:	Tracking: Permit Process and Backlog		Phase 1 - Plan		Phase 2 - Implement			Phase 3 -Adjust		
Audit Rec. No.	Planned Action	complete	Q2 2024	Q3 2024	Q4 2024	2025	2026	2027	2028	2029
2(a)	Staff will map out key permit process steps, including those in other Divisions and by external entities, and known bottlenecks		✓	✓						
2(a), 2(c), 2(d)	Staff will initiate a procurement for outside project management services to develop standard tracking metrics and reports		✓	✓						
2(a), 2(c), 2(d)	Staff will develop a project plan to systematically build internal tracking tools and routine reports to management		✓	✓						
2(a), 2(c), 2(d)	To the extent possible, staff will build tracking and reporting tools in NPS. If needed, staff will initiate RFQ for services to build the necessary tools, in consultation with the Board of Directors.			✓						
1, 2(a)	Staff will enhance and expand tools for applicants to track the status of individual permits									
1, 6(a)(ii)	Staff will initiate a procurement for outside project management services to develop an internal coordination plan									

Action Plan Status: Tracking – Permit Process and Bottlenecks (cont'd)

Finding:	Tracking: Permit Process and Backlog		Phase 1 - Plan			Phase 2 - Implement			Phase 3 -Adjust	
Audit Rec. No.	Planned Action	complete	Q2 2024	Q3 2024	Q4 2024	2025	2026	2027	2028	2029
2(a), 6(a)(ii)	Based on the internal coordination plan, staff will integrate key information from other Divisions into NPS (e.g., source test status, NOVs, AB617 community, unresolved/past enforcement actions), incorporate HRA process information and steps, and track title V permits									
1, 2(c), 6(a)(ii)	Staff will identify bottlenecks in the permit process based on metrics and reports developed through the tracking updates and create de-bottlenecking recommendations									
1, 6(a)(ii)	In consultation with Legal and Source Test, staff will explore options to expedite current AC permits that are awaiting source test approval		✓	✓						
2(e)	Staff will identify and correct erroneous data that was migrated to NPS			✓						

Action Plan Status: Tracking – Management Time

Finding:	Tracking: Management Time		Phase 1 - Plan		Phase 2 - Implement			Phase 3 -Adjust		
Audit Rec. No.	Planned Action	complete	Q2 2024	Q3 2024	Q4 2024	2025	2026	2027	2028	2029
3	In consultation with the Human Resources Office and Finance Division, staff will develop a process to track time spent by management on permit program		✓	✓						
3	Management will track time spent on permit program, in alignment with the new process									

Action Plan Status: Tracking – Accounts

Finding:	Tracking: Accounts		Phase 1 - Plan		Phase 2 - Implement			Phase 3 -Adjust		
Audit Rec. No.	Planned Action	complete	Q2 2024	Q3 2024	Q4 2024	2025	2026	2027	2028	2029
2(b), 2(c), 6(b)	Staff will identify delinquent accounts	✓								
6(b)	In consultation with Legal and Compliance and Enforcement, staff will determine how to expeditiously achieve compliance		✓	✓						
2(b), 2(c), 6(b)	In consultation with Legal and Compliance and Enforcement, staff will create and implement a standard procedure to quickly address applications with delinquent fees		✓	✓						

Action Plan Status: Resource Management: Staffing and Workload

Finding:	Resource Management - Staffing and Workload		Phase 1 - Plan		Phase 2 - Implement			Phase 3 -Adjust		
Audit Rec. No.	Planned Action	complete	Q2 2024	Q3 2024	Q4 2024	2025	2026	2027	2028	2029
1, 6	Staff will hire retired annuitants	✓								
1, 6	In consultation with Human Resources and the Employee Association, staff will develop a backlog reduction staffing plan that will consider, among other things, the use of contractors (per audit recommendation)		✓	✓						
1,6	Based on the backlog reduction staffing plan, in consultation with the Board, staffing levels will be adjusted in order to reduce the backlog to 2017 levels within 5 years (i.e., 2029)									
4, 6	In consultation with Human Resources, staff will identify hiring barriers (e.g., intro-level job classification)		✓	✓						
6, 6(a)(i)	Staff will develop long-term staffing plan (maintenance level) based on rule/policy updates, tracking data, and efficiency/de-bottlenecking measures									
6	In order to maintain adequate staffing and retain institutional knowledge, staff will develop a retention plan									
5,6	To increase efficiency, effectiveness, expertise, and consistency, staff will develop a training and collaboration plan		✓	✓						

Action Plan Status: Resource Management: Staffing and Workload (cont'd)

Finding:	Resource Management - Staffing and Workload		Phase 1 - Plan		Phase 2 - Implement			Phase 3 - Adjust		
Audit Rec. No.	Planned Action	complete	Q2 2024	Q3 2024	Q4 2024	2025	2026	2027	2028	2029
6, 6(a)	Staff will assess non-core activities and, based on strategic planning priorities, develop a plan address their impact on the permit backlog									
5	Use strategic plan and tracking information to develop a prioritization process that utilizes staffing resources to meet Air District priorities									
5	Utilize tracking data to identify resource-intensive sources and develop a plan to efficiently and effectively manage projects									
1, 5, 6	Staff will create project teams for complex sources to have more streamlined coordination		✓	✓						
5	Staff will initiate early coordination on sensitive projects, which will be identified based on strategic planning priorities and in consultation with Legal and C&E		✓	✓						
6(a)(ii)	In consultation with Rules and Planning, staff will develop a process to identify unexpected impacts of new programs on permit processing, which should happen in early stages of program									

Action Plan Status: Cost Recovery

Finding:	Cost Recovery		Phase 1 - Plan			Phase 2 - Implement			Phase 3 - Adjust	
Audit Rec. No.	Planned Action	complete	Q2 2024	Q3 2024	Q4 2024	2025	2026	2027	2028	2029
7	Staff will initiate RFQ for service to provide a report on cost recovery methods used by other agencies and options for the Air District to									
7	In consultation with the Board of Directors, consider updates to the cost recovery methodology for the Air District based on findings from the cost recover report, and that consider time spent by management and on			✓	✓					
7	In consultation with Finance and the NPS Team, identify opportunities to streamline fee payment and tracking to ensure the Air District receives timely and adequate fees		✓	✓						
7	The NPS team will develop a plan for implementing fee payment and tracking improvements in NPS									
7	To the extent possible, staff will build fee streamlining tools in NPS. If needed, staff will initiate RFQ for services to build the necessary tools, in consultation with the Board of Directors.									

Transition to Strategic Plan

Corrective Action Plan		Transition to →	Strategic Plan: Goal 4: Be Effective, Accountable, and Customer Oriented	
Action Plan: Timeliness/Backlog			Strategy 4.1 Timely Permits	
Audit Rec. No.	Planned Action		Commitment	Actions
1	Staff will develop a rule amendment plan (needed for permit streamlining), including a timeline.		Update regulations to ensure permits can be done efficiently and timely	Create rulemaking schedule that incorporates permit efficiency updates
2(a)	Staff will map out key permit process steps...		Better track permit applications, address bottlenecks in permitting process, and improve internal coordination.	Build functionality and tools in NPS to track all phases of permit processing.
2(a), 2(c), 2(d)	Staff will build tracking and reporting tools in NPS.			

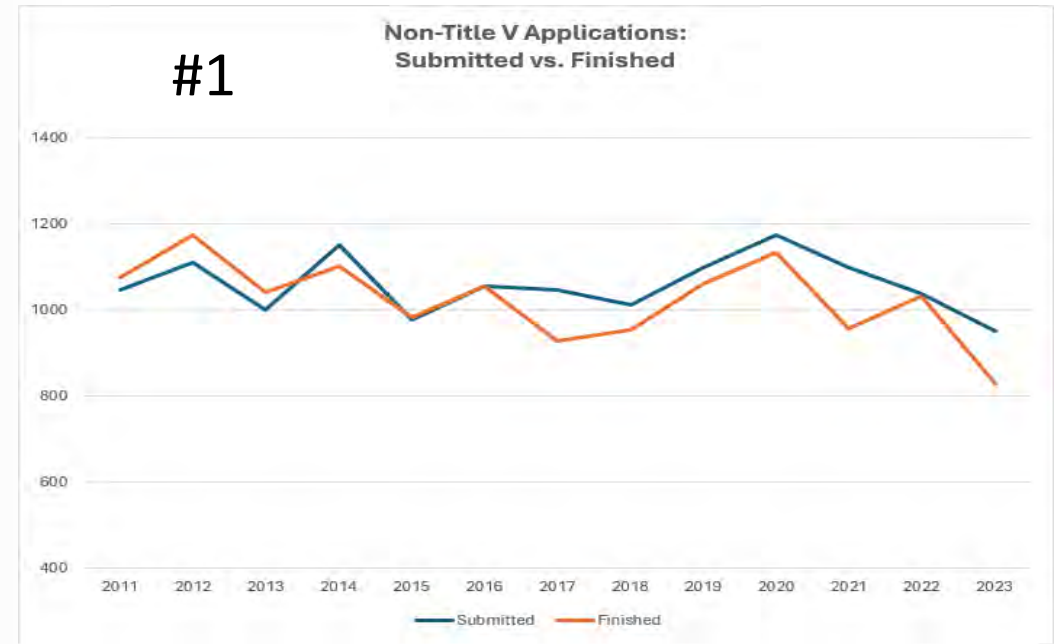
Highlight: Reporting Metrics

Permit Applications

1. Submitted and Completed (weekly, monthly, annual)
2. Application Processing Times
3. Application Status and Overdue in Each Status

#2

Pending NSR application processing times	Count	% of total
<180 days	345	34%
180 days to <1 year	172	17%
1 to <2 years	202	20%
2 to <3 years	94	9%
3 to <4 years	100	10%
4 to <5 years	43	4%
5+ years	69	7%
Total	1025	



#3

Applications		
Application Status	Total	Overdue
Evaluating Permit Application Completeness	130	69*
Incomplete	366	261
Complete - Application Under Evaluation	504	362
Undergoing Public Comment	18	8
Final 10 Day Evaluation	7	5
Total	1025	705

*staff flag for review, need to revise for Overdue

Highlight: Reporting Metrics

Permit Renewals

1. Renewal Revenue collected versus outstanding
2. Emissions Inventory Requests
3. Invoices Issued and Paid - renewed

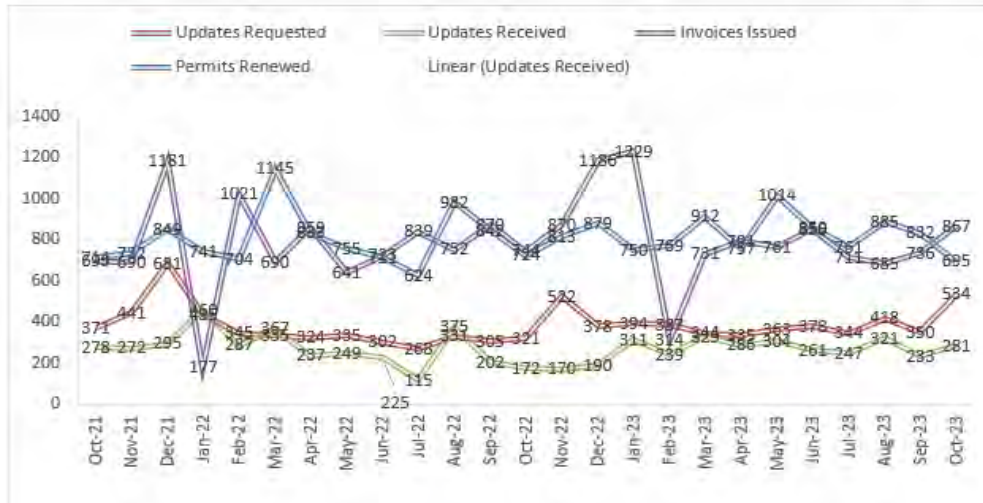
#1

Renewal Period End Year	Revenue from Permit Renewed (\$)	Outstanding Invoice (\$)
2020	40,896,306	84,702
2021	41,648,989	152,084
2022	44,491,112	186,265
2023	51,164,847	676,368
2024	53,646,430	932,418
2025	29,609,896	29,713,660

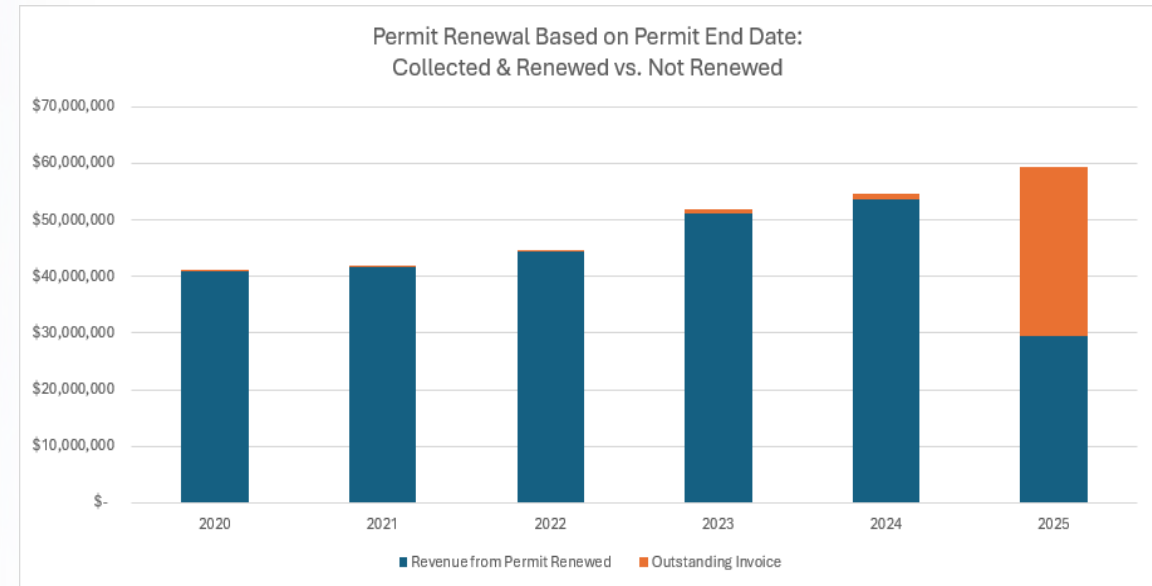
#2 and 3

PERMIT RENEWALS

Updates Requested FYE 2023	Updates Received FYE 2023	Invoices Issued FYE 2023	Permits Renewed FYE 2023
1646	1082	2999	3173



#1



Highlight: Reporting Metrics

Facility-Level Tracking

- Uses
 - Assess potential outliers within a fee schedule
 - Track staff time on permits for potential facility-funded positions
- Limitations
 - Represents a narrow portion of Air District work on a facility (e.g., does not include enforcement, source tests, rulemaking, incident response, community meetings, etc.)
 - Permit activity is often episodic and unpredictable

Highlight: Tools for the Public

- Approach: develop pilot tools and engage with community members and regulated entities for feedback
- Overview of permit process
- Access to permits to operate
- Access to permit application status
- Improve access and instructions for electronic submittal of application

Highlight: Tools for the Public (cont'd)

Transition to plain language and infographics

The Air District is responsible for the issuance of air quality permits for stationary equipment in the Bay Area and the management of the resulting air emissions (pollutants). Nearly all stationary equipment that emits to the atmosphere requires an Air District permit. An air quality permit is a document that gives the permit holder authorization to build equipment and/or to operate that equipment. Each project is evaluated before a business can build and operate their equipment to ensure that all air quality requirements are met.

The program also manages an air emissions inventory from all permitted equipment. The inventory is used to track the level of air emissions and to make future decisions to reduce those emissions by tightening Air District rules.

Permitting and Approval Programs

Here are common permit and approval documents that the Air District issues:

Authority to Construct (A/C) - This is a pre-construction permit that is issued before equipment is installed. An A/C may require the permit holder to meet certain conditions before operation can begin.

Permit to Operate (P/O) - This permit allows the holder to operate (use) all equipment or activities listed on the permit.

Certificate of Registration - This type of permit is given to specific types of equipment or activities that are smaller in nature.



NEW 9/24/2024

An Air District permit is a document that gives the permit holder authorization to build equipment and/or to operate that equipment. Nearly all stationary equipment that emits to the atmosphere requires an Air District permit project is evaluated before a business can build and operate their equipment to ensure that all air quality requirements are met. During the permitting process, air quality engineers review projects, calculate emissions, determine compliance with all federal, state and local regulations before issuing a permit.



Highlight: Tools for the Public (cont'd)

Improve Application Status Data and metrics

SEARCH & FILTERS Collapse to hide search or filter options

Search

Date Range
From To

City County

Status Notifications

CLEAR SEARCH & FILTERS

- Approved
- Canceled
- Complete - Application Under Evaluation
- Evaluating Permit Application Completeness
- Final 10 Day Evaluation
- Incomplete for Data
- Incomplete for Initial Fees
- Incomplete For Initial Fees And Data
- Undergoing Public Comment
- Withdrawn

Facility: CCL Label-Sonoma (203719) Status: Evaluating Permit Application Completeness **NEW**

Address: CCL Label-Sonoma, 21481 8TH STREET EAST #15C, Sonoma, CA, 95476

Plant Reference #: N/A

Public Participation Period: Not currently available for comment.

Date	Application ID	Facility Name	Facility ID	Status	Action
9/24/2024	714790	Rubber Molds and Wood	Manuel Palos Sculpture (203717)	Evaluating Permit Application Completeness	NEW
9/24/2024	714786	Change of Conditions for S-8 and S-9	Anritsu Company (2417)	Incomplete for Initial Fees	NEW
9/23/2024	714744	Solvent Cleaning	Lockheed Martin	Evaluating Permit	NEW



Application Specific Information [Go to F.I.N.D](#)

Application Number: 653505 Application Type: New Construction (Permit to Construct)

Facility ID: 198028 Application Status: ASSIGNED TO ENGINEER - CLASS I

Facility Name: KOIA ANAHEIM FACILITY, LLC Facility Team: F

Permit Number: -- Facility Team Name: CHEMICAL

Permit Status: -- Engineer: FAYE GANSER - FG04

Equipment Type: B - Basic Engineer Phone: 909-396-2421

Basic: 011003 - BOILER (5-20 MMBTU/HR) NAT GAS ONLY Deemed Completed Date: 6/25/2024

Control: -- PC Issued Date: N/A

Estimated Construction Start Date: 8/1/2024 Current Diary Entry: Public Review / Notice

Current Diary Date: 9/20/2024 5:19:19 PM

Application Status Indicators

Awaiting South Coast AQMD Action

Time Elapsed Indicators

95 days elapsed
52% time elapsed

Awaiting Permit to Construct

Application Status Progress

Received 6/14/2024 Assigned 6/18/2024 Deemed Complete 6/25/2024

Application History

Show 25 entries

Progress Status	Status Date	Target Date	Closed Date	Closed By	Assigned Engineer
Public Review / Notice	9/20/2024 5:19:19 PM	10/15/2024	--	--	FAYE GANSER - FG04
Complete Required Public Notice	9/5/2024 5:00:36 PM	10/5/2024	9/12/2024	fganser	FAYE GANSER - FG04
Approve PC, Recommended by	8/6/2024 4:49:53 PM	--	--	--	FAYE GANSER - FG04

Next Steps

- Integration of the corrective actions into the strategic plan implementation and budget proposal for the upcoming fiscal year
- Continue implementation of corrective action plan or permit improvement process
- Actions for next 6 -12 months
 - Tracking and Reporting & Transparency
 - Develop reporting metrics, improve website and public tools
 - Build NPS tools to track all phases of permit processing for tracking and efficiency analysis

Next Steps (cont'd)

- Actions for next 6 -12 months (cont'd)
 - Timeliness/Backlog - Efficiency Measures
 - Utilize new overdue status for tracking and removing barriers
 - Complete and implement streamlining approaches for composting and backup engines
 - Continue improvements to permit lifecycle coordination
 - Resource Management
 - Enhance staffing
 - Create and execute backlog reduction using new tools and efficiency measures
 - Cost Recovery Options

Questions and Discussion