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## *Alameda Corridor Transportation Authority*

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To: Governing Board  
Meeting Date: April 6, 2023  
From: Michael C. Leue, Chief Executive Officer   
Subject: INFORMATION on Proposed ACTA Organization Transition

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### **Introduction**

ACTA's Chief Executive Officer and Chief Financial Officer met with members of the Governing Board's ad hoc committee on organizational transition planning in February 2023. The information presented herein is in alignment with ad hoc committee discussions.

The purpose of the proposed organization transition is two-fold: 1) to address the decreasing need for continuing services under ACTA's engineering team contract; and 2) to address succession planning in response to expected near-term retirement plans of some ACTA staff and potential changes in engineering team contractors.

In support of the organization transition, the CEO proposes to hire an Executive Search firm to assist with ACTA staff hiring.

### **Discussion**


The Alameda Corridor Engineering Team (ACET), a joint venture of engineering firms, has been under contract with ACTA since the construction of the Alameda Corridor in the late 1990s. The services and resources provided by ACET have reduced dramatically over the years, from a peak employment of 300 personnel during corridor construction, down to the current level of 7 contractors. With the completion of the Caltrans SR-47 construction project, ACTA's needs for engineering services will reduce once again. Therefore, it is reasonable to evaluate ACTA's needs going forward.

The organization chart presented in *Figure 1* depicts ACTA's current situation. Many of ACTA's employees (shown in blue/squares) have served ACTA for over 20 years and certain employees are, or soon will be, eligible for retirement. The ACET assignments (shown in green/circles) have also been in their respective positions for the same 20+ year period. With the potential loss of such long-term personnel, it is critical for ACTA to prepare a forward-looking transition plan for the successful continuation of services required for ACTA's operations.

ACTA's goals in transitioning and succession planning are as follows:

- Comply with ACTA's JPA Agreement and government contracting best practices;
- Tailor ACTA's organizational structure to meet current and future needs;
- Be nimble/resilient to meet future demands;
- Retain or transfer institutional knowledge; and
- Be cost-effective while maintaining capabilities and relationships with stakeholders.

The organization transition options that ACTA's management has considered are presented in *Table 1*.



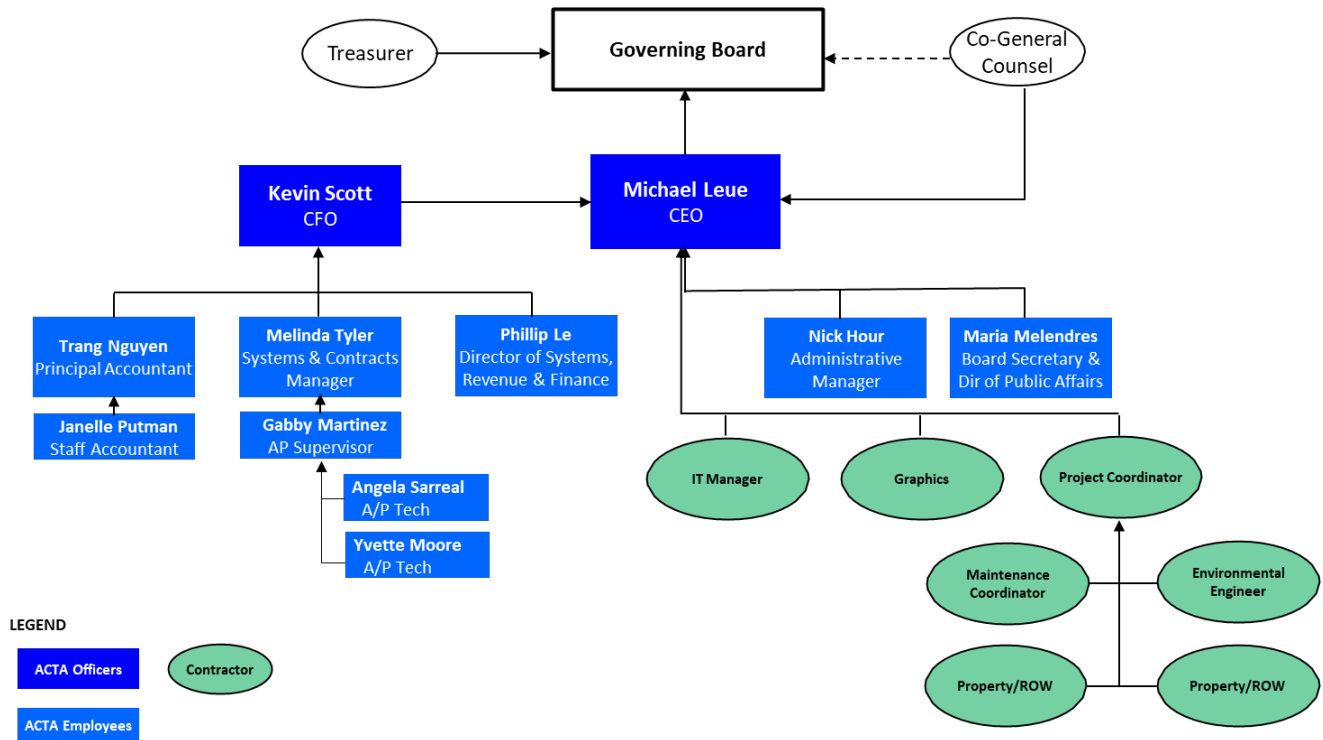


Figure 1 – Current Organization Chart

Table 1: Organization Transition Options			
Transition Option	Description	Advantages	Disadvantages
Option 1	Extend ACET Contract, but shift from full-time to on-call resources.	Easiest option to implement; Some flexibility with as-needed services; Some knowledge retention through existing firms.	Continues extension without a competitive selection process; does not account for expected retirements of current personnel.
Option 2	Replace ACET Contract with new full-time ACTA staff.	Discontinues ACET contract.	Not flexible for future changes in resource needs. Knowledge transfer opportunities limited.
Option 3	Hybrid option, engage outside engineering firms on an on-call basis and hire new ACTA staff.	Recompetes ACET contract, with ability to contract directly with select engineering firms; Provides flexibility when resource needs change.	Timing for knowledge transfer may be difficult to accomplish.

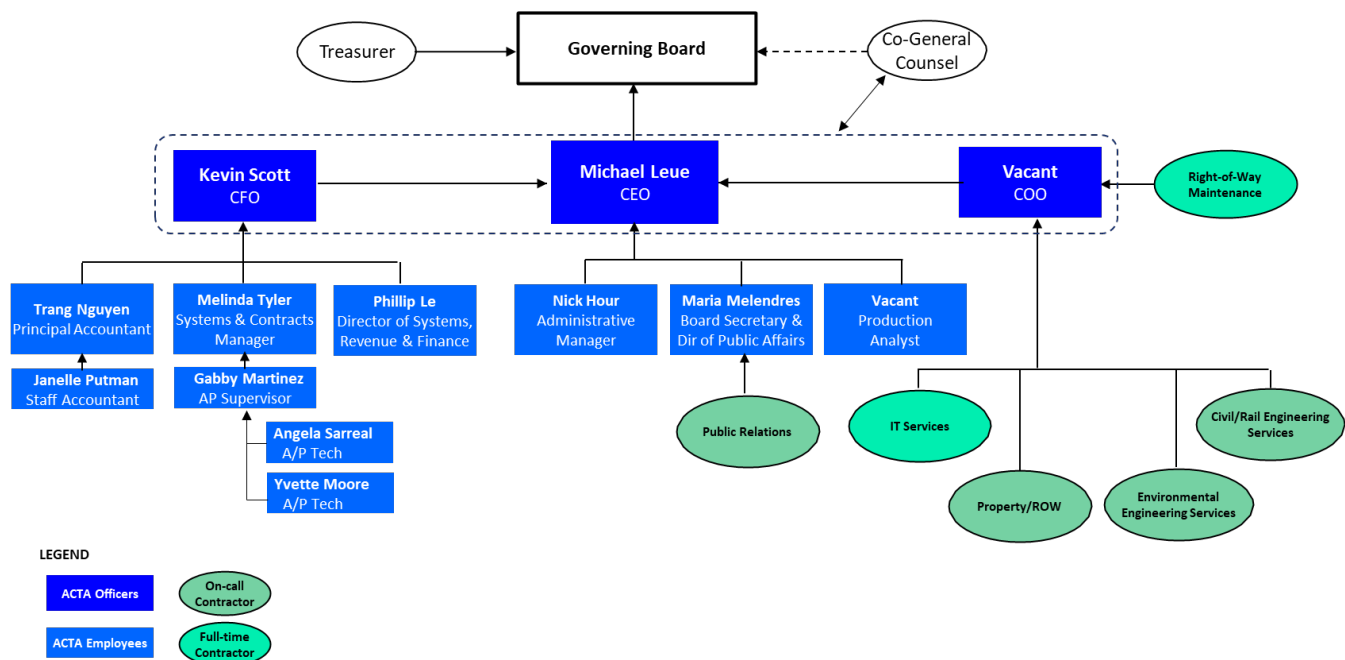
### Cost Analysis

The cost of each organization transition option has been evaluated, shown in *Table 2*. This cost analysis shows that Option 1, extending the ACET contract, would be the most expensive, with the assumption that recompeting the contract would result in new higher overhead rates. Option 2 and Option 3 are similar in cost, but Option 3 provides the opportunity to reduce resources by utilizing on-call engineering contracts.

Table 2: Organization Transition Option Costs			
Transition Option	Personnel Resources (ACTA/Contract/Total)	Labor Multiplier (ACTA/Contract)	Total Annual Cost
Existing	11/7/18	1.77/2.50	\$5.78M
Option 1	11/7/18	1.77/2.75	\$6.99M
Option 2	16/2/18	1.71/2.75	\$5.82M
Option 3	13/3.75/16.75	1.73/2.75	\$5.78M

### Recommendation

ACTA’s management recommends moving forward with Option 3, which will result in increasing ACTA’s staff by two positions and engaging engineering firms through competitive selection procedures for as-needed/on-call engineering services as depicted in the example organization chart on *Figure 2*.



**Figure 2 –Hybrid Organization Chart**

The on-call engineering contracts envisioned with the Hybrid Option include the following:

- IT Services – maintain ACTA office and field computers and communications systems;
- Property/ROW – support the on-going disposition of properties procured during construction and delineation and legal descriptions of properties or rights-of-way;
- Environmental Engineering – support meeting the requirements for outside agency permits and legal obligations;
- Civil/Rail Engineering – provide engineering design and professional opinions in support of maintenance-of-way and needs of outside agencies.

ACTA's management recommends hiring a Chief Operating Officer (COO) to support the CEO in providing leadership and expertise in railroad maintenance and operations with the ability to provide management of maintenance-of-way activities, engineering contractor activities, safety programs and dispatching performance. Individuals with such railroad expertise are in high demand, but ACTA is hopeful that the professional standing, benefit package and opportunity for growth will attract the envisioned candidate.

ACTA's management also recommends hiring a Production Analyst to support the data analysis related to our revenue assessment and verification system and operations assessments, as well as production of data presentation graphics, reports and Board meeting packages. This position will also assist with contract documents.

### **Next Steps**

ACTA's management has evaluated the roles and responsibilities of current staff and contractors and has prepared a redistribution of responsibilities to the hybrid organization members. This assessment enables preparation of job descriptions that can be used for the hiring of new staff, modifications to existing staff roles, and development of scope-of-work for procurement of new contractors.

The process of hiring new staff is anticipated to occur over the next three months. The CEO proposes to engage an Executive Search firm for the COO hiring. The Executive Search firm would be selected through a modified RFP process, by contacting firms currently in on-call pools with the Port of Los Angeles or Port of Long Beach. These pools, obtained through competitive selection procedures at each port, total 11 Executive Search firms. The CEO intends to contact three or more of these firms to request project proposals and pricing for executive search assistance to hire the COO position. The agreement will be valued below the \$50,000 compensation threshold for the CEO's authority to enter into an agreement without Board approval, or if it is not, it will be brought before the Board for review and approval.

The procurement of engineering services contractors is anticipated to occur over the next three to six months. To improve the opportunity for knowledge transfer with implementation of the Hybrid Option, ACTA management recommends that the ACET contract be extended for one year to provide a period of overlap with new ACTA staff and contractors. The level of ACET utilization will likely be tapered off during the extension period as new staff and contractors become fully engaged. ACTA will bring the request for extension of ACET contract to a future Governing Board meeting.

### **Co-General Counsel Review**

ACTA's Co-General Counsel has reviewed this Board Report and there are no legal issues at this time.