

## **ACTA Succession Planning White Paper December 2018 Draft**

At its November 2017 meeting, the Audit Committee requested that staff document a Succession Planning process. In response, this white paper highlights certain facts and considerations for such planning.

### **I. General:**

In general, the objective of Succession Planning is to ensure the seamless functioning of an organization when personnel, especially key personnel, leave the organization. Such planning usually requires establishing a continuing process that recognizes, trains, and otherwise prepares existing personnel to become candidates to fill vacancies temporarily or permanently from within the organization.

In many cases, there may be a desire or requirement to also include candidates from outside an organization. However, this additional outreach does not diminish the benefit of grooming individuals within the organization to become candidates to fill vacancies while a broader selection process proceeds.

### **II. ACTA Considerations:**

ACTA is a small agency with only 10 employees, augmented by several additional support positions provided by consultants. A benefit of a small organization is that members become exposed to and readily familiar with many aspects of an organization.

Public sector practice often encourages or requires that personnel from parent or sister agencies be given the opportunity to fill positions at another agency. Such may be the case with ACTA, considering the pool of talent available within the cities of Los Angeles and Long Beach and their respective Harbor Departments, as well as within other local, regional and State agencies. It may also be the ACTA Board's desire to do a national search in the case of some positions.

### **III. ACTA Officers**

Pursuant to Section 4E - Officers of the December 18, 1996 Amended and Restated Joint Exercise of Powers Agreement (Joint Powers Agreement or "JPA"), several key ACTA positions (Officers) are required to be appointed by ACTA's Governing Board as described and discussed below. In addition to these required Officers, other non-Officer positions have existed, which have been tailored to the needs of the organization. Generally, these include, but are not limited to, specialty positions involving finance, accounting, bond management, budgeting, revenue collection, contract administration, government/community affairs, general administration, and document control. In addition, full and part-time consultant support positions are provided in the areas of environmental engineering, project management, IT support, railroad maintenance oversight, and right-of-way and utility management. See attached organization chart.

The JPA requires that the Governing Board appoint qualified personnel to fill the following positions:

1. **General Manager**, who shall be responsible for the administration of the Authority;

2. **Authority Engineer**, who shall be a registered professional engineer in California responsible for engineering and construction of the Alameda Corridor;
3. **Treasurer**, who shall be selected in accordance with Government Code Sections 6505.5 and 6505.6;\*
4. **Controller**, who shall be selected in accordance with Government Code Sections 6505.5 and 6505.6;\*
5. **Auditor**, who shall be selected in accordance with Government Code Sections 6505.5 and 6505.6;\*
6. **General Counsel**, from the City Attorney’s Office of the City of Long Beach and/or the City of Los Angeles who shall provide legal advice to the Authority;
7. **Secretary**, who shall keep the official records and correspondence of the Authority; and
8. Such other officers as determined by the Governing Board.

\* Government Code Sections 6505.5 and 6506.6 allow such position to be filled by an employee of the Authority, an employee of the City of Los Angeles or the City of Long Beach, or a third party contractor.

#### IV. Evolution of Roles

Historically, such Officer positions have been filled by either Port employees or employees of ACTA. Over the years, with Governing Board approval, such Officer positions and/or additional Officer positions have been added, re-named and/or consolidated. In April 10, 2014, the Governing Board adopted Resolution No. JPA-14-3 (Exhibit A attached) clarifying and affirming who performs the Officer functions and under what titles.

##### 1. General Manager

The role of the **General Manager (GM)** was augmented in 1998 with the Board appointment of a **Chief Executive Officer (CEO)**. The **GM** position was at that time re-named the **General Manager and Chief Operating Officer (GM/COO)**. Later the **GM/COO** position was abolished and the duties absorbed by the **CEO**.

Therefore, the **CEO** is an ACTA Officer. The **CEO** title replaced the **GM** title. The **CEO** is an ACTA employee.

##### 2. Authority Engineer

The role of **Authority Engineer** was initially performed by an engineering representative from each of the two Ports. In 1998, the position was renamed the **Director of Construction and Engineering (DCE)** and filled with an ACTA “contract employee”. In early 2003, the position was refilled with an ACTA employee. In mid-2003, the position was absorbed into the **CEO** position, when the incumbent **DCE** was promoted to the **CEO** position. The current **CEO** also has a California Professional Engineer (PE) license, as required by the JPA for the **Authority Engineer**.

Therefore, the **CEO**, an ACTA Officer, at this time performs the role of the **Authority Engineer**.

### 3. Treasurer

The role of **Treasurer** has historically been filled on a part-time basis with a Port financial staff member from one of the two Ports. It is currently filled by a POLA financial staff member. Most of the original functions of the **Treasurer** are now performed on a full-time basis by the ACTA **CFO**, who is an ACTA employee. The Port-provided **Treasurer** is now responsible for general oversight of the **CFO**'s duties.

Therefore, the part-time **Treasurer** remains an ACTA Officer. The **Treasurer** is currently a POLA employee.

### 4. Controller

The role of **Controller** was originally performed on a part-time basis by a representative of one of the Ports. The role of **Controller** was later absorbed into the full-time ACTA **CFO** position. Although there is an ACTA employee position, entitled Controller, reporting to the **CFO** position, the holder of that position is not an ACTA Officer, because primary responsibility for the Controller function resides with the **CFO**.

Therefore, the **CFO** is an ACTA Officer and performs the role of the **Controller**. The **CFO** is an ACTA employee.

### 5. Auditor

The role of **Auditor** was originally performed on a part-time basis by a representative of one of the Ports. Although during the peak of construction activity, ACTA had a full-time and later part-time Internal **Auditor** position filled by an ACTA employee, the Auditor function was later absorbed into **CFO** position. The CFO manages internal and external audits with the assistance of audit contracts as overseen by the Audit Committee of the ACTA Governing Board.

Therefore, the **CFO** is an ACTA Officer and performs the role of the **Auditor**. The **CFO** is an ACTA employee.

### 6. General Counsel

The role of **General Counsel**, which was to be performed by either the City Attorney's Office of Los Angeles or Long Beach, was originally performed by the City Attorney's Office of Los Angeles. By Board resolution in 2005 (JPA Resolution 3-05), the role is now performed by **Co-General Counsel** from each of the City Attorney's Offices, and their part-time services are reimbursed by ACTA.

The **General Counsel** designation has been replaced by the **Co-General Counsel** designation.

### 7. Secretary

The role of **Secretary** was performed on a part-time basis by either ACTA or port staff over the years. As approved by the Governing Board in March 2013, the part-time position is now held by an ACTA employee, who also holds the title of **Public Affairs, Events and Media Officer**.

The **Secretary** is an ACTA Officer.

#### **8. Other Officers –**

No **Other Officers** have been added by the Governing Board.

#### **V. Other ACTA Employees**

ACTA employee positions are described below.

1. **Chief Executive Officer** – reports to the ACTA Board  
Pursuant to Board-approved policy, provides direction to all areas of management and technical support in order to carry out the duties and operations of ACTA; appoints staff (except ACTA officers) and retains consultants and vendors with Board approval in accordance with policy and procedures; interfaces with port, railroad and other agencies, entities, industry and communities to carry out ACTA’s financial and operational objectives.
2. **Chief Financial Officer** – reports to **CEO**  
Manages all areas of finance, accounting, administration of expenditures, contracting, auditing, insurance, risk management, revenue collection, debt service, refinancing, grant administration, human resources, and document control.
3. **Director of Government and Community Affairs** – reports to **CEO**  
Manages all government and community affairs and interfaces with counterparts at the Ports; maintains membership in local industry and civic organizations; represents ACTA at meetings and functions of local agencies and industry groups; interfaces with staffs of local, state and federal elected officials on ACTA matters; coordinates ACTA's federal advocacy with its Washington DC consultant; and attends annual meetings in Sacramento and Washington DC as a member of the regional team of agency representatives supporting goods movement funding.
4. **Public Affairs, Events and Media Officer** (also **Governing Board Secretary**) – reports to **CEO**  
Manages ACTA’s media relations, ACTA’s participation and sponsorship of industry and charity events, the handling of all public records act requests and the updates to ACTA's website that includes all ACTA financial, performance and contract opportunities information. The position has also performed the duties of the ACTA Governing Board Secretary since 2013. The Board Secretary records and transcribes minutes for both the Governing Board and Audit Committee meetings, coordinates Board member availability to attend meetings, and manages logistics at the meeting venues.

5. **Controller** – reports to **CFO**  
Develops and tracks the annual budget; establishes, manages, and coordinates the internal and external audit process; manages reimbursements for Federal grant, Caltrans and other third-party projects; and administers all ACTA contracts.
6. **Principal Accountant** – reports to **CFO**  
Prepares journal entries of bank transfers, invoices, and payroll; prepares cash balance report, monthly financial report, monthly and yearly financial statement, reconciles annual maintenance and operations (M&O) spending; and reviews monthly bank and investment accounts.
7. **Director of Systems, Revenue, and Finance** – reports to **CFO**  
Manages ACTA Information Systems, performs data analysis, prepares reports, and administers consultant contracts for these systems. The systems include the Revenue Assessment and Verification System (RAVS) that substantiates and reconciles the self-assessment of the railroads which comprises the source of the ACTA debt repayment, and the PierPass validation system which monitors intermodal movements in the Port terminals.
8. **Financial Systems and Payables Manager** – reports to **CFO**  
Manages all payables for the organization; prepares and verifies all railroad self-assessment exception invoices. The position also provides support/back-up for managing the RAVS system that receives and verifies all of ACTA's Railroad revenue (over \$100 million per year).
9. **Accounts Payable Technician** – reports to **Financial Systems and Payables Manager**  
Supports the **Financial Systems and Payables Manager**. The position reviews invoices for accuracy, matches them to authorized values, and coordinates the issuance of checks for payment. The number of checks issued per month averages about 75.
10. **Administrative Manager** – reports to **CEO**  
Manages all of ACTA's administrative duties including human resource functions, payroll, CalPERS and other benefit coordination, and communications with employees involving same. The position also manages and safeguards legal records, performs document control duties, manages office supplies and landlord interface, and manages telephone communications. The position also manages the annual Form 700 filings involving staff and Board Members.

## VI. Succession Paths

Internal succession paths for all Officers and other ACTA employees have been considered and can be discussed with the Committee and/or Board as requested. As these paths involve Personnel Matters such information may be deemed confidential and be subject to the advise of counsel as to whether these matters can be discussed in open or closed session.