

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 9/24/2025

Staff Report No. 25-428a

TO: AC Transit Board of Directors
FROM: Salvador Llamas, General Manager/Chief Executive Officer
SUBJECT: Relocation Limit Exception

ACTION ITEM

AGENDA PLANNING REQUEST: ☐

RECOMMENDED ACTION(S):

Consider approving an exception to Board Policy 226 - Relocation Policy granting the General Manager authority to approve an additional \$20,000 in relocation expense reimbursement for the newly hired Chief Operating Officer (COO). *[Continued from the September 10, 2025 Board of Directors meeting.]*

Staff Contact:
Salvador Llamas, General Manager/Chief Executive Officer
James Arcellana, Executive Director of Human Resources

STRATEGIC IMPORTANCE:

Goal - High-Performing Workforce
Initiative - Employee Recruitment, Training and Retention

Approving the additional relocation expense reimbursement amount for the newly hired COO ensures the District will continue to attract and retain top executive talent. This will support a smooth transition for the newly hired COO and reflects the District's commitment to competitive hiring practices.

BUDGETARY/FISCAL IMPACT:

Approval of this exception to Board Policy 226 (Attachment 1), may cost the District up to \$20,000 in receipt-based reimbursements and/or payments for actual costs incurred. While this amount was not budgeted for, there are funds available in the Operations Department budget from savings derived from a reduction in cost of the Salesforce Transit Center lease after the budget was finalized along with salary savings from the period of time that the COO position was vacant, either of which can be used to pay for the expense.

BACKGROUND/RATIONALE:

On September 10, staff presented a request for the Board to approve an exception to the \$10,000 limit on relocation reimbursement contained within the current language of Board Policy 226. Staff requested the Board authorized the General Manager to approved up to an additional \$20,000 in relocation reimbursement to the District's new Chief Operating Officer. At that meeting, the Board asked staff to return with this request at the same time staff was ready to present recommended amendments to Board Policy 226.

The District's new Chief Operating Officer began employment with the District on September 2, 2025, which will require relocating with his partner and children from Indianapolis, Indiana, to the Bay Area. Board Policy 226 permits the General Manager to reimburse up to \$10,000 in relocation expenses, and that full amount has already been authorized. The amount of delegated authority given to the General Manager in Board Policy 226 was set in 2016. Staff believes it needs an increase as discussed in a companion staff report presented in conjunction with this request.

The costs for a family to move cross-country could easily exceed the policy limit. Approving an exception to the limit in Board Policy 226 will help prevent the new COO from incurring unnecessary personal costs.

Standard Moving Expenses That May be Reimbursed Include:

- Transportation of household goods and personal effects (van line, container, or DIY truck)
- Materials necessary for the packing and transport of household goods and personal effects
- Transportation of personal vehicles
- 30-day storage of household goods after arrival (if needed)
- Travel for employee & family to new home (choose one):
- Airfare for four (IND → OAK) or Driving personal vehicle (cost of fuel and lodging)

The existing \$10,000 cap will not cover all expenses necessary for the COO to move his partner and children across country. In 2019, the COO moved from the Bay Area to Indiana and incurred moving costs of just over \$20,000 (Attachment 2). The estimate for the cost of moving the current COO's household goods and personal effects to the Bay Area for his new role with the District has come in at just under \$25,000 (Attachment 3). This does not include the cost of travel for the new COO and his family and as the bill for his move in 2019 indicates, the final cost can easily end up being more than the estimate.

Granting an additional \$20,000 brings total reimbursement to \$30,000 and makes it less likely that the new COO will incur financial losses because of the move. This is also aligned with industry benchmarks for executive relocations of similar scope. In April of 2025, BART approved a \$25,000 relocation reimbursement package for its newly hired District Secretary (Attachment 4).

It is important to note that the new COO will not be given a lump sum of money, but will be reimbursed based on receipts and/or funds will be paid directly to a moving company, pursuant to Board Policy. If the total cost of their move is less than the approved amount, the remainder of the funds will not be spent.

Historical Precedent

The Board has previously exercised its authority to approve relocation costs in a comparable circumstance when the District hired a Director level employee who had to move across country:

GM Memo 08-161 (June 25 , 2008) - approved relocation costs of "*approximately \$50,000*" for the relocation of the newly hired Director of Service Supervision from Florida to the Bay Area. (Attachment 5). This action was taken pursuant to Board Resolution 1180, which was the controlling authority for relocation expenses at the time.

ADVANTAGES/DISADVANTAGES:

The advantage to approving the additional relocation reimbursement funds is that it will allow the COO to transition quickly without financial strain, demonstrates AC Transit's competitiveness in attracting top talent, and can be funded through existing savings with no impact on service levels.

The only disadvantage is that it commits up to \$20,000 that could otherwise revert to reserves or be reallocated.

ALTERNATIVES ANALYSIS:

Staff evaluated three options:

Maintain the \$10,000 cap. This option is not recommended as it would leave the COO responsible for any relocation costs above this amount, potentially impairing future recruitments and the reputation of the District in the industry.

Approve a smaller exception (e.g., \$10,000). Staff does not recommend this option. This will reduce the fiscal impact to the COO, but still underfunds expected expenses and offers limited competitive advantage.

Recommended - Approve the \$20,000 exception. Provides a combined \$30,000 reimbursement, matching realistic relocation costs while maintaining fiscal responsibility.

Staff recommends **Option 3** as the minimum assistance necessary to defray actual relocation expenses and maintain AC Transit's competitiveness in executive hiring.

PRIOR RELEVANT BOARD ACTION/POLICIES:

- Board Policy 226 - Relocation Policy
- GM Memo No. 08-161, authorizing relocation expenses for the Director of Service Supervision

ATTACHMENTS:

1. Board Policy 226
2. Moving costs for COO's move in 2019
3. BART Executive Decision Document Approving Relocation Expense
4. GM Memo No. 08-161

Prepared by:

James Arcellana, Executive Director of Human Resources

Approved/Reviewed by:

James Arcellana, Interim Executive Director of Human Resources

Aimee L. Steele, General Counsel/Chief Legal Officer

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