



**Orange County Sanitation District
STEERING COMMITTEE
Regular Meeting Agenda
Wednesday, September 25, 2019 - 5:00 PM
Conference Room A
Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433**

ACCOMMODATIONS FOR THE DISABLED: Meeting Rooms are wheelchair accessible. If you require any special disability related accommodations, please contact the Orange County Sanitation District Clerk of the Board's office at (714) 593-7433 at least 72 hours prior to the scheduled meeting. Requests must specify the nature of the disability and the type of accommodation requested.

AGENDA POSTING: In accordance with the requirements of California Government Code Section 54954.2, this agenda has been posted outside the main gate of the Sanitation District's Administration Building located at 10844 Ellis Avenue, Fountain Valley, California, and on the Sanitation District's website at www.ocsd.com not less than 72 hours prior to the meeting date and time above. All public records relating to each agenda item, including any public records distributed less than 72 hours prior to the meeting to all, or a majority of the Board of Directors, are available for public inspection in the office of the Clerk of the Board.

AGENDA DESCRIPTION: The agenda provides a brief general description of each item of business to be considered or discussed. The recommended action does not indicate what action will be taken. The Board of Directors may take any action which is deemed appropriate.

MEETING AUDIO: An audio recording of this meeting is available within 24 hours after adjournment of the meeting. Please contact the Clerk of the Board's office at (714) 593-7433 to request the audio file.

NOTICE TO DIRECTORS: To place items on the agenda for a Committee or Board Meeting, the item must be submitted in writing to the Clerk of the Board: Kelly A. Lore, MMC, (714) 593-7433 / klore@ocsd.com at least 14 days before the meeting.

FOR ANY QUESTIONS ON THE AGENDA, BOARD MEMBERS MAY CONTACT STAFF AT:

General Manager: Jim Herberg, jherberg@ocsd.com / (714) 593-7300
Asst. General Manager: Lorenzo Tyner, ltyner@ocsd.com / (714) 593-7550
Asst. General Manager: Rob Thompson, rthompson@ocsd.com / (714) 593-7310
Director of Human Resources: Celia Chandler, cchandler@ocsd.com / (714) 593-7202
Director of Engineering: Kathy Millea, kmillea@ocsd.com / (714) 593-7365
Director of Environmental Services: Lan Wiborg, lwiborg@ocsd.com / (714) 593-7450

CALL TO ORDER**PLEDGE OF ALLEGIANCE****DECLARATION OF QUORUM:****PUBLIC COMMENTS:**

If you wish to address the Committee on any item, please complete a Speaker's Form (located at the table at the back of the room) and submit it to the Clerk of the Board or notify the Clerk of the Board the item number on which you wish to speak. Speakers will be recognized by the Chairperson and are requested to limit comments to three minutes.

REPORTS:

The Committee Chairperson and the General Manager may present verbal reports on miscellaneous matters of general interest to the Directors. These reports are for information only and require no action by the Directors.

CONSENT CALENDAR:

Consent Calendar Items are considered to be routine and will be enacted, by the Board of Directors, after one motion, without discussion. Any items withdrawn from the Consent Calendar for separate discussion will be considered in the regular order of business.

1. APPROVAL OF MINUTES [2019-531](#)**RECOMMENDATION:**

Approve Minutes of the Regular Meeting of the Steering Committee held August 28, 2019.

Originator: Kelly Lore

Attachments: [Agenda Report](#)
[08-28-2019 Steering Committee Minutes](#)

NON-CONSENT:**2. GENERAL MANAGER'S FISCAL YEAR 2019-2020 WORK PLAN [2019-570](#)**

RECOMMENDATION: Recommend to the Board of Directors to:

Receive and file the General Manager's Fiscal Year 2019-2020 Work Plan.

Originator: Jim Herberg

Attachments: [Agenda Report](#)
[General Manager's Fiscal Year 2019-2020 Work Plan](#)

3. GENERAL MANAGER'S COMPENSATION AND BENEFITS [2019-593](#)

RECOMMENDATION: Recommend to the Board of Directors to:

Adopt Resolution No. OCSD 19-12 entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving salary increases and salary range adjustments for the General Manager for Fiscal Year 2019/2020, Fiscal Year 2020/2021, and Fiscal Year 2021/2022", authorizing the Board Chair to implement increases consisting of a 3% salary range adjustment and corresponding salary increase annually and up to a 2.5% merit increase annually based on job performance as determined by the Board of Directors commencing in the first pay period of July 2019 for Fiscal Year 2019/2020.

Attachments: [Agenda Report](#)
[Resolution No. OCSD 19-12](#)
[General Manager's Current and Proposed Salary Schedule](#)
[General Manager's At-Will Employment Agreement](#)

4. EXECUTIVE MANAGEMENT TEAM COMPENSATION AND BENEFITS AND MANAGER GROUP COMPENSATION AND BENEFITS [2019-596](#)

RECOMMENDATION: Recommend to the Board of Directors to:

A. Adopt Resolution No. OCSD 19-13 entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving salary increases, salary range adjustments, and a minor increase to 457(b) matching contributions for At-Will Executive Management Team employees for Fiscal Year 2019/2020, Fiscal Year 2020/2021, and Fiscal Year 2021/2022", authorizing the General Manager to implement increases consisting of a 3% salary range adjustment annually and corresponding salary increases and up to a 5% merit increase annually based on job performance as determined by the General Manager, not to exceed Step 5 of the corresponding salary range, commencing in the first pay period of July 2019 for Fiscal Year 2019/2020.

B. Adopt Resolution No. OCSD 19-14 entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving salary increases, salary range adjustments, and a minor increase to 457(b) matching contributions for unrepresented management employees for Fiscal Year 2019/2020, Fiscal Year 2020/2021, and Fiscal Year 2021/2022", authorizing the General Manager to implement increases consisting of a 3% salary range adjustment annually and corresponding salary increases and up to a 5% merit increase annually based on job performance as determined by the General Manager, not to exceed Step 5 of the corresponding salary range, commencing in the first pay period of July 2019 for Fiscal Year 2019/2020.

Originator: Celia Chandler

- Attachments:** [Agenda Report](#)
[Resolution No. OCSD 19-13 - Executive Management Team Current Executive Management Team Pay Table](#)
[Proposed Executive Management Team Pay Tables, July 2019 to June 2022](#)
[Resolution No. OCSD 19-14 - Manager Group Current Manager Group Pay Table](#)
[Proposed Manager Group Pay Tables, July 2019 to July 2022](#)

5. CONFIDENTIAL EMPLOYEE GROUP COMPENSATION BENEFITS [2019-597](#)

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Adopt Resolution No. OCSD 19-15 entitled, “A Resolution of the Board of Directors of the Orange County Sanitation District approving salary range adjustments and consideration to establish a Health Retirement Account for unrepresented exempt confidential employees for Fiscal Year 2019/2020, Fiscal Year 2020/2021, and Fiscal Year 2021/2022”.
- B. Adopt Resolution No. OCSD 19-16 entitled, “A Resolution of the Board of Directors of the Orange County Sanitation District approving salary range adjustments, a minor increase in Development Pay, and consideration to establish a Health Retirement Account for unrepresented non-exempt confidential employees for Fiscal Year 2019/2020, Fiscal Year 2020/2021, and Fiscal Year 2021/2022”.

Originator: Celia Chandler

- Attachments:** [Agenda Report](#)
[Resolution No. OCSD 19-15 - Exempt Confidential](#)
[Resolution No. OCSD 19-16 - Non-Exempt Confidential](#)
[Current Salary Schedule for Confidential Group \(FY 2018/2019\)](#)
[Proposed Salary Schedules for Confidential Group](#)

INFORMATION ITEMS:

None.

CLOSED SESSION:

None.

OTHER BUSINESS AND COMMUNICATIONS OR SUPPLEMENTAL AGENDA ITEMS, IF ANY:

BOARD OF DIRECTORS INITIATED ITEMS FOR A FUTURE MEETING:

At this time Board members may request staff to place an item on a future agenda.

ADJOURNMENT:

The next Steering Committee meeting is scheduled for Wednesday, October 23, 2019 at 5:00 p.m.



Orange County Sanitation District

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

STEERING COMMITTEE

Agenda Report

File #: 2019-531

Agenda Date: 9/25/2019

Agenda Item No: 1.

FROM: James D. Herberg, General Manager
Originator: Kelly A. Lore, Clerk of the Board

SUBJECT:

APPROVAL OF MINUTES

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Approve Minutes of the Regular Meeting of the Steering Committee held August 28, 2019.

BACKGROUND

In accordance with the Board of Directors Rules of Procedure, an accurate record of each meeting will be provided to the Directors for subsequent approval at the following meeting.

RELEVANT STANDARDS

- Resolution No. OCSD 18-12

ATTACHMENT

The following attachment(s) are included in hard copy and may also be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Minutes of the Steering Committee meeting held August 28, 2019



CALL TO ORDER

A regular meeting of the Steering Committee of the Orange County Sanitation District was called to order by Board Chairman David Shawver on Wednesday, August 28, 2019 at 5:01 p.m. in the Administration Building of the Orange County Sanitation District.

A quorum was declared present, as follows:

DECLARATION OF QUORUM:

Present: David Shawver, John Withers, Robert Collacott, Chad Wanke, Glenn Parker and Tim Shaw
Absent: Peter Kim

STAFF PRESENT:

Jim Herberg, General Manager; Rob Thompson, Assistant General Manager; Lorenzo Tyner, Assistant General Manager; Celia Chandler, Director of Human Resources; Kathy Millea, Director of Engineering; Lan Wiborg, Director of Environmental Services; Kelly Lore, Clerk of the Board; Marc Brown; Jennifer Cabral; Cliff Casanova; Rod Collins; Thys DeVries; Mike Dorman; Dean Fisher; Al Garcia; Ted Gerber; Mark Kawamoto; Laurie Klinger; Tina Knapp; Laura Maravilla; Andrew Nau; Wally Ritchie; Roya Sohanaki; and Thomas Vu.

OTHERS PRESENT:

Brad Hugin, General Counsel; Laura Kalty, Liebert Cassidy Whitmore, Special Counsel.

PUBLIC COMMENTS:

None.

REPORTS:

Chair Shawver and General Manager Jim Herberg did not provide reports.

CONSENT CALENDAR:

1. APPROVAL OF MINUTES

[2019-508](#)

Originator: Kelly Lore

MOVED, SECONDED, AND DULY CARRIED TO:

Approve Minutes of the Regular Meeting of the Steering Committee held July 24, 2019.

Ayes: David Shawver, John Withers, Robert Collacott, Chad Wanke, Glenn Parker and Tim Shaw

Noes: None

Absent: Peter Kim

Abstentions: None

2. AMENDMENT TO BIG CANYON COUNTRY CLUB EASEMENT [2019-496](#)

Originator: Lorenzo Tyner

MOVED, SECONDED, AND DULY CARRIED TO: Recommend to the Board of Directors to:

Approve the Amendment to Easement between Orange County Sanitation District and Big Canyon Country Club to adjust the Sanitation District’s easement to correspond with the new sewer location within the Big Canyon Country Club in the City of Newport Beach.

Ayes: David Shawver, John Withers, Robert Collacott, Chad Wanke, Glenn Parker and Tim Shaw

Noes: None

Absent: Peter Kim

Abstentions: None

NON-CONSENT:

3. SETTLEMENT AGREEMENT WITH ASEPTIC TECHNOLOGY, LLC [2019-497](#)

Originator: Lan Wiborg

Assistant General Manager Lorenzo Tyner provided background information on this item and answered questions from the Committee.

MOVED, SECONDED, AND DULY CARRIED TO: Recommend to the Board of Directors to:

Authorize the General Manager to execute a Settlement Agreement to settle industrial wastewater discharge enforcement matters with Aseptic Technology, LLC, a facility that discharged without a valid Orange County Sanitation District permit, for \$185,000 plus applicable fees and interest, in a form approved by General Counsel.

Ayes: David Shawver, John Withers, Robert Collacott, Chad Wanke, Glenn Parker and Tim Shaw

Noes: None

Absent: Peter Kim

Abstentions: None

4. GENERAL MANAGER'S FISCAL YEAR 2019-20 DRAFT WORK PLAN [2019-498](#)

Originator: Jim Herberg

Mr. Herberg introduced this item and provided a brief background on the item.

MOVED, SECONDED, AND DULY CARRIED TO: Recommend to the Board of Directors to:

Receive and file the General Manager's Fiscal Year 2019-2020 Draft Work Plan.

Ayes: David Shawver, John Withers, Robert Collacott, Chad Wanke, Glenn Parker and Tim Shaw

Noes: None

Absent: Peter Kim

Abstentions: None

5. SUCCESSOR MEMORANDUMS OF UNDERSTANDING FOR THE SUPERVISOR & PROFESSIONAL GROUPS [2019-499](#)

Originator: Celia Chandler

Special Legal Counsel Laura Kalty provided background information on this item.

MOVED, SECONDED, AND DULY CARRIED TO: Recommend to the Board of Directors to:

A. Adopt Resolution No. OCSD 19-08, entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving the Memoranda of Understanding between the Orange County Sanitation District and the Supervisory and Professional Management Group, for Fiscal Years 2019/2020, 2020/2021 & 2021/2022; and

B. Direct staff to finalize and sign the Memoranda of Understanding (MOUs) between Orange County Sanitation District and the two (2) Supervisory and Professional Management Group bargaining units.

Ayes: David Shawver, John Withers, Robert Collacott, Chad Wanke, Glenn Parker and Tim Shaw

Noes: None

Absent: Peter Kim

Abstentions: None

6. SUCCESSOR MEMORANDUMS OF UNDERSTANDING FOR THE ORANGE COUNTY EMPLOYEES ASSOCIATION [2019-500](#)

Originator: Celia Chandler

Special Legal Counsel Laura Kalty provided background information on this item.

MOVED, SECONDED, AND DULY CARRIED TO: Recommend to the Board of Directors to:

- A. Adopt Resolution No. OCSD 19-09, entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving the Memoranda of Understanding between the Orange County Sanitation District and the Orange County Employees Association (OCEA), for Fiscal Years 2019/2020, 2020/2021 & 2021/2022; and
- B. Direct staff to finalize and sign the Memoranda of Understanding (MOUs) between Orange County Sanitation District and the three (3) OCEA bargaining units.

Ayes: David Shawver, John Withers, Robert Collacott, Chad Wanke, Glenn Parker and Tim Shaw

Noes: None

Absent: Peter Kim

Abstentions: None

7. SUCCESSOR MEMORANDUMS OF UNDERSTANDING FOR THE INTERNATIONAL UNION OF OPERATING ENGINEERS - LOCAL 501 [2019-501](#)

Originator: Celia Chandler

Special Legal Counsel Laura Kalty provided background information on this item and indicated there was a correction of note on a typo in Exhibit A in paygrade 66 that should read \$45.21, not \$45.12.

MOVED, SECONDED, AND DULY CARRIED TO: Recommend to the Board of Directors to:

- A. Adopt Resolution No. OCSD 19-10, entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving the Memoranda of Understanding between the Orange County Sanitation District and the International Union of Operating Engineers, Local 501, for Fiscal Years 2019/2020, 2020/2021 & 2021/2022; and
- B. Direct staff to finalize and sign the Memoranda of Understanding (MOUs) between Orange County Sanitation District and the Local 501 bargaining unit.

Ayes: David Shawver, John Withers, Robert Collacott, Chad Wanke, Glenn Parker and Tim Shaw

Noes: None

Absent: Peter Kim

Abstentions: None

8. ELIMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL) AND NET PENSION LIABILITY (NPL) WITHIN THE ORANGE COUNTY EMPLOYEES' RETIREMENT SYSTEM [2019-526](#)

Originator: Lorenzo Tyner

Mr. Tyner provided background information on this item and answered questions from the Committee.

MOVED, SECONDED, AND DULY CARRIED TO: Recommend to the Board of Directors to:

Direct staff to pay off the following amounts in the Orange County Sanitation District's defined pension plan administered by the Orange County Employees' Retirement System (OCERS) in an amount not to exceed \$38 million:

- Unfunded Actuarial Accrued Liability (UAAL) in the amount of \$9 million for pension benefits
- Net Pension Liability (NPL) in the amount of \$29 million for deferred investment loss

Ayes: David Shawver, John Withers, Robert Collacott, Chad Wanke, Glenn Parker and Tim Shaw

Noes: None

Absent: Peter Kim

Abstentions: None

INFORMATION ITEMS:

None.

CLOSED SESSION:

CONVENED IN CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTIONS 54957(b)(1), 54957.6 & 54956.9(d)(4):

The Committee convened in closed session at 5:29 p.m. to discuss four items. Confidential minutes of the Closed Sessions have been prepared in accordance with the above Government Code Sections and are maintained by the Clerk of the Board in the Official Book of Confidential Minutes of Board and Committee Closed Session Meetings.

- CS-1** CONFERENCE WITH LEGAL COUNSEL RE ANTICIPATED LITIGATION - GOVERNMENT CODE SECTION 54956.9(D)(2) [2019-503](#)

CONVENED IN CLOSED SESSION:

Number of Potential Cases: 1

Significant exposure to litigation: Claim of Jose Cruz

CS-2 CONFERENCE WITH LABOR NEGOTIATORS - GOVERNMENT [2019-504](#)
CODE SECTION 54957.6

CONVENED IN CLOSED SESSION:

Agency Designated Representatives: General Manager James Herberg, Assistant General Manager Lorenzo Tyner, and Director of Human Resources Celia Chandler.

Unrepresented Employees: Confidential Group: Assistant Clerk of the Board; Clerk of the Board; Human Resources Analyst; Human Resources Assistant; Human Resources Supervisor; Principal HR Analyst; Secretary to the General Manager; and Senior Human Resources Analyst.

CS-3 CONFERENCE WITH LABOR NEGOTIATORS - GOVERNMENT [2019-505](#)
CODE SECTION 54957.6

CONVENED IN CLOSED SESSION:

Agency Designated Representatives: General Manager James Herberg, Assistant General Manager Lorenzo Tyner and Director of Human Resources Celia Chander.

Unrepresented Employees: Managers Group: Administration Manager; Controller; Engineering Manager; Environmental Laboratory & Ocean Monitoring Manager; Human Resources & Risk Manager; IT Systems & Operations Manager; Maintenance Manager; Operations Manager; and Purchasing and Contracts Manager.

CS-4 CONFERENCE WITH LABOR NEGOTIATORS - GOVERNMENT [2019-506](#)
CODE SECTION 54957.6

CONVENED IN CLOSED SESSION:

Agency Designated Representatives: General Manager James Herberg, Assistant General Manager Lorenzo Tyner, and Director of Human Resources Celia Chandler.

Unrepresented Employees: Executive Managers Group: Assistant General Manager; Director of Engineering; Director of Environmental Services; and Director of Human Resources.

The Committee reconvened in Open Session at 5:53 p.m.

CONSIDERATION OF ACTION, IF ANY, ON MATTERS CONSIDERED IN CLOSED SESSION:

General Counsel Brad Hogin did not provide a report.

OTHER BUSINESS AND COMMUNICATIONS OR SUPPLEMENTAL AGENDA ITEMS, IF ANY:

None.

BOARD OF DIRECTORS INITIATED ITEMS FOR A FUTURE MEETING:

None.

ADJOURNMENT:

Chair Shawver declared the meeting adjourned at 5:54 p.m. to the next Steering Committee meeting to be held on September 25, 2019 at 5:00 p.m.

Submitted by:

Kelly A. Lore, MMC
Clerk of the Board



Orange County Sanitation District

Administration Building
10844 Ellis Avenue
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STEERING COMMITTEE

Agenda Report

File #: 2019-570

Agenda Date: 9/25/2019

Agenda Item No: 15.

FROM: James D. Herberg, General Manager

SUBJECT:

GENERAL MANAGER'S FISCAL YEAR 2019-2020 WORK PLAN

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Receive and file the General Manager's Fiscal Year 2019-2020 Work Plan.

BACKGROUND

Each year, the General Manager prepares a work plan of activities supporting the Orange County Sanitation District's strategic goals and initiatives to be accomplished during the fiscal year. The draft work plan was submitted to the Steering Committee for review and input from the Directors in August. This final work plan is being submitted to the Steering Committee and Board of Directors for approval.

RELEVANT STANDARDS

- Sustain 1, 5, 20-year planning horizons
- 24/7/365 treatment plant reliability
- Negotiate fair and equitable labor agreements
- Commitment to safety & reducing risk in all operations
- Meet volume and water quality needs for the GWRS
- Maintain a culture of improving efficiency to reduce the cost to provide the current service level or standard

PRIOR COMMITTEE/BOARD ACTIONS

August 2019 - Draft work plan was reviewed with the Steering Committee and Board of Directors.

ADDITIONAL INFORMATION

The General Manager's work plan includes goals for the 2019-2020 fiscal year. The work plan has five areas of focus which include: Safety and Security, Succession Planning, Resource Recovery, Reliability, and Operational Optimization.

FINANCIAL CONSIDERATIONS

All items included in the General Manager's work plan are budgeted in the FY 2019-2020 Budget.

ATTACHMENT

The following attachment(s) are included in hard copy and may also be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- General Manager's Fiscal Year 2019-2020 Work Plan



ORANGE COUNTY SANITATION DISTRICT

Memorandum

September 25, 2019

TO: Chairman and Members of the Board of Directors

FROM: James D. Herberg
General Manager

SUBJECT: General Manager's Fiscal Year 2019-20 Work Plan

I am pleased to present my Fiscal Year 2019-20 work plan. The work plan has nineteen goals organized under five focus areas including safety and security, succession planning, resource recovery, reliability, and operational optimization. This work plan was reviewed with the Steering Committee and Board of Directors on August 28, 2019 and a mid-year update will be provided in January 2020.

1. Safety and Security

- Emergency Preparedness – Develop and conduct an external emergency response and recovery drill by June 30, 2020 that tests the Integrated Emergency Response Plan (IERP).
- Safety Engineering Solutions – Complete six of the remaining eight Safety Improvement Construction Projects by June 30, 2020.
- Voluntary Protection Plan (VPP) Certification – Apply for the VPP certification for Plant No. 1 by June 30, 2020.
- Physical Security Plan – Complete the development and implementation of a Physical Security Plan by June 30, 2020.

- Cyber Security Plan – Complete the development and implementation of a Cyber Security Plan by June 30, 2020.

2. Succession Planning

- Leadership Development – Provide at least two specialized trainings tailored to the Supervisory Level and one for the EMT/ Managers by June 30, 2020.

3. Resource Recovery

- Groundwater Replenishment System (GWRS) Final Expansion – Meet the following milestones to support the final expansion of GWRS:
 - Advertise for Construction of Project P2-122, Headworks Modifications at Plant No. 2 for GWRS Expansion by January 31, 2020.
 - Issue Construction Contract Notice to Proceed for Project P2-122, Headworks Modifications at Plant No. 2 for GWRS Expansion by June 30, 2020.
- Emerging Contaminants – Work with industry, academic, and agency partners to develop science-based regulations and an adaptive plan by June 30, 2020 to address the potential impact of PFAS to OCSD.
- Food Waste Digestion Pricing Policy – Present a draft policy and pricing plan to the Board of Directors by June 30, 2020.

4. Reliability

- Asset Management Plan – Develop an Asset Management Plan by December 31, 2019 that includes an inventory of critical assets for each process area and the collection system; an evaluation of their condition and performance; and an implementation plan to maintain, rehabilitate, and replace these assets to meet the required levels of service at the lowest life cycle cost and at an acceptable level of risk.

- Central Generation Engines – Implement an in-house heavy mechanical maintenance team and award a contract by December 31, 2019 to overhaul two Central Generation Engines.
- Pump Station Bypass Exercises – Bypass pump two Pump Stations to prove emergency readiness and use the exercise to do critical valve and electrical maintenance at those Pump Stations by June 30, 2020.

5. Operational Optimization

- OCSD Headquarters Building – Advertise for Construction for Headquarters Complex Site Preparation, Contract No. P1-128C by February 29, 2020. Obtain City of Fountain Valley approvals for the Headquarters Building by June 30, 2020.
- Document Management – Complete Records Management and Trusted System Needs Assessment by November 30, 2019.
- Communications Audit – Complete the audit and provide a report to the Legislative and Public Affairs Committee by March 30, 2020.
- Capital Project Delivery – Complete a formal design review framework by June 30, 2020. Complete a framework for regular updates of engineering policies and procedures, design guidelines, and engineering standards by June 30, 2020.
- Solids Handling Optimization – Complete commissioning and optimize performance of new solids handling facilities at each plant by December 31, 2019.
- Strategic Plan – Complete new Strategic Plan for adoption by the Board of Directors by November 30, 2019.
- Two Year Budget – Complete new two-year budget for adoption by the Board of Directors on June 24, 2020.



Orange County Sanitation District

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10844 Ellis Avenue
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STEERING COMMITTEE

Agenda Report

File #: 2019-593

Agenda Date: 9/25/2019

Agenda Item No: 3.

FROM: David Shawver, Board Chairman

SUBJECT:

GENERAL MANAGER'S COMPENSATION AND BENEFITS

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

Adopt Resolution No. OCSD 19-12 entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving salary increases and salary range adjustments for the General Manager for Fiscal Year 2019/2020, Fiscal Year 2020/2021, and Fiscal Year 2021/2022", authorizing the Board Chair to implement increases consisting of a 3% salary range adjustment and corresponding salary increase annually and up to a 2.5% merit increase annually based on job performance as determined by the Board of Directors commencing in the first pay period of July 2019 for Fiscal Year 2019/2020.

BACKGROUND

The General Manager of the Orange County Sanitation District (Sanitation District) is employed on an At-Will basis and serves at the pleasure of the Board of Directors.

According to Section 6 of the General Manager's At-Will Agreement, the "District's Steering Committee shall meet with the General Manager in August of each year during the term of this Agreement to review and evaluate his performance over the prior year. The Steering Committee shall make its recommendation(s) to the Board concerning adjustment to the compensation and/or benefits paid or provided to the General Manager, to be effective in July of the year of the review".

The Sanitation District's Board of Directors has taken action in recent years to attract and retain critical executive- and management-level employees, ensuring compensation and benefits are competitive with the labor market.

The General Manager's salary market position in 2016 was extremely low when compared to the Sanitation District's comparison agencies. Salary market position for the Sanitation District's General Manager was at the 7th percentile in 2016 compared with the Sanitation District's comparison agencies. Board actions in the past two (2) years have significantly improved this issue.

Salary increases and benefits package additions in the most recent employment contract have placed the Sanitation District's General Manager at the 68th percentile in salary as of July 2019.

RELEVANT STANDARDS

- Offer competitive compensation and benefits
- Maintain positive employer-employee relations
- Cultivate a highly qualified, well-trained, and diverse workforce
- Comply with OCSD Policy (Policy 6.1 Appraisal of Performance) and the General Manager's At-Will Employment Agreement

PROBLEM

The General Manager's current salary market position is at the 68th percentile. The Sanitation District targets the 75th percentile for its overall market position and the General Manager's compensation currently falls below that mark. Additionally, salary market position for the General Manager could deteriorate if the salary range were to remain static while comparison agencies provide salary increases. This could potentially put the Sanitation District at risk for retention of executive staff.

Also, Fiscal Year 2019/2020 increases for the Sanitation District's executive management and managers are currently under consideration. Salary compaction and internal alignment issues could arise in the future if the General Manager's salary range were to remain unchanged as other positions' salaries increase.

PROPOSED SOLUTION

Adopt Resolution No. OCSD 19-12, entitled "A Resolution of the Board of Directors of the Orange County Sanitation District approving salary increases and salary range adjustments for the General Manager for Fiscal Year 2019/2020, Fiscal Year 2020/2021, and Fiscal Year 2021/2022".

The proposed salary increases annually for three years consist of a 3% salary range adjustment and corresponding salary increase and up to a 2.5% merit increase each fiscal year based on job performance as determined by the Board of Directors. This is projected to move the General Manager's market position to the 75th percentile in salary by June 2022.

The Sanitation District is committed to maintaining a competitive compensation market position that attracts and retains top employment talent. It is the Sanitation District's philosophy to compensate employees competitively and equitably; understanding the relative market position assists with that determination.

RAMIFICATIONS OF NOT TAKING ACTION

Potential retention issue of highly skilled and experienced executive staff.

PRIOR COMMITTEE/BOARD ACTIONS

June 2019 - Steering Committee conducted the annual performance evaluation of the General Manager for Fiscal Year 2018/2019 in closed session.

July 2017 - Steering Committee conducted the annual performance evaluation of the General

Manager for Fiscal Year 2016/2017 in closed session. Resolution No. OCSD 16-29 included direction on adjustments to the compensation for Fiscal Year 2017/2018; no further Board action was needed to implement.

November 2016 - Approved Resolution No. OCSD 16-29, which authorized adjustments to the General Manager's compensation and benefits for Fiscal Year 2016/2017 and Fiscal Year 2017/2018, specifically a base building salary increase and a salary range adjustment of 8.0% in July 2016 and a base building salary increase and a salary range adjustment of 8% in July 2017, respectively.

ADDITIONAL INFORMATION

The agency's accomplishments during the past year include the following:

- Achieving successful negotiation and implementation of eleven agreements with various other public agencies
- Reaffirming the Sanitation District's AAA credit ratings
- Achieving the service level goal with only one sewer spill in over two years
- Maintaining 100% compliance with its ocean discharge permit over a continuous six-year period (a first for the Sanitation District)
- Addressing potential air quality permit violations
- Commissioning new dewatering facilities
- Making progress toward Cal OSHA VPP safety program certification

CEQA

N/A

FINANCIAL CONSIDERATIONS

The total salary cost increase is not to exceed \$99,340 for the three-year period. Compensation and benefits costs, including impacts to existing benefits, are not to exceed a total amount of \$111,202.

ATTACHMENT

The following attachment(s) are included in hard copy and may also be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Resolution No. OCSD 19-12
- General Manager's Current & Proposed Salary Schedule
- General Manager's At-Will Employment Agreement

RESOLUTION NO. OCSD 19-12

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY SANITATION DISTRICT APPROVING SALARY INCREASES AND SALARY RANGE ADJUSTMENTS FOR THE GENERAL MANAGER FOR FISCAL YEAR 2019/2020, FISCAL YEAR 2020/2021, AND FISCAL YEAR 2021/2022.

WHEREAS, the General Manager provides organizational leadership, strategic direction, and District oversight for Orange County Sanitation District (OCSD); and

WHEREAS, the General Manager serves in an at-will employment capacity, which may be terminated at any time by the Board with or without cause; and

WHEREAS, it is OCSD's philosophy to compensate employee classifications competitively, which currently can be achieved through alignment with the salary market; and

WHEREAS, the July 1, 2018, At-Will Agreement with the General Manager provides that, "District's Steering Committee shall meet with General Manager in August of each year during the term of this Agreement to review and evaluate his performance over the prior year. The Steering Committee shall make its recommendation(s) to the Board concerning adjustment to the compensation and/or benefits paid or provided to General Manager, to be effective in July of the year of review. After consideration of the recommendation(s) of the Steering Committee, the Board shall determine and approve the compensation, including benefits, payable to General Manager, which generally becomes effective July of the fiscal year of the review"; and

WHEREAS, the Steering Committee commenced its review of the General Manager's performance in June 2019, finalized its review and made its recommendation to the Board on September 25, 2019.

NOW, THEREFORE, the Board of Directors of the Orange County Sanitation District, DOES HEREBY RESOLVE, DECLARE, DETERMINE, AND ORDER:

1. That the At-Will Agreement with the General Manager (Attached hereto as Exhibit 1) setting forth the terms and conditions of his employment, including a salary increase in the first pay period of July 2019, consisting of a 3.0% salary range adjustment and corresponding salary increase and 2.5% merit increase as determined by the Board of Directors, not to exceed 5.5% total, is hereby approved to be effective retroactively to the first pay period of July 2019;
2. A salary increase in the first pay period of July 2020, consisting of a 3.0%

salary range adjustment and corresponding salary increase and up to 2.5% merit increase to be determined by the Board of Directors based on job performance, not to exceed 5.5% total;

3. A salary increase in the first pay period of July 2021, consisting of a 3.0% salary range adjustment and corresponding salary increase and up to 2.5% merit increase to be determined by the Board of Directors based on job performance, not to exceed 5.5% total; AND
4. That the Board Chair, or his designee, is authorized to implement the changes to salary range and salary items approved herein.

PASSED AND ADOPTED at a regular meeting of the Board of Directors held September 25, 2019.

David John Shawver
Board Chairman

ATTEST:

Kelly A. Lore, MMC
Clerk of the Board

STATE OF CALIFORNIA)
) ss
COUNTY OF ORANGE)

I, Kelly A. Lore, Clerk of the Board of Directors of the Orange County Sanitation District, do hereby certify that the foregoing Resolution No. OCSD 19-12 was passed and adopted at a regular meeting of said Board on the 25th day of September 2019, by the following vote, to wit:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Orange County Sanitation District this 25th day of September 2019.

Kelly A. Lore
Clerk of the Board of Directors
Orange County Sanitation District

General Manager Salary Schedule

Orange County Sanitation District Classification and Compensation Plan

Current

GENERAL MANAGER, FY 2018-19

Pay Grade		Step 1	Step 2	Step 3	Step 4	Step 5
EM37	Annual	\$ 255,778	\$ 268,861	\$ 282,610	\$ 297,066	\$ 312,250
	Monthly	\$ 21,315	\$ 22,405	\$ 23,551	\$ 24,755	\$ 26,021
	Hourly	\$ 122.97	\$ 129.26	\$ 135.87	\$ 142.82	\$ 150.12

Proposed Salary Range Adjustment 3.0%

GENERAL MANAGER, Proposed FY 2019-20

Pay Grade		Step 1	Step 2	Step 3	Step 4	Step 5
EM37	Annual	\$ 263,453	\$ 276,931	\$ 291,096	\$ 305,968	\$ 321,610
	Monthly	\$ 21,954	\$ 23,078	\$ 24,258	\$ 25,497	\$ 26,801
	Hourly	\$ 126.66	\$ 133.14	\$ 139.95	\$ 147.10	\$ 154.62

Proposed Salary Range Adjustment 3.0%

GENERAL MANAGER, Proposed FY 2020-21

Pay Grade		Step 1	Step 2	Step 3	Step 4	Step 5
EM37	Annual	\$ 271,357	\$ 285,230	\$ 299,832	\$ 315,141	\$ 331,261
	Monthly	\$ 22,613	\$ 23,769	\$ 24,986	\$ 26,262	\$ 27,605
	Hourly	\$ 130.46	\$ 137.13	\$ 144.15	\$ 151.51	\$ 159.26

Proposed Salary Range Adjustment 3.0%

GENERAL MANAGER, Proposed FY 2021-22

Pay Grade		Step 1	Step 2	Step 3	Step 4	Step 5
EM37	Annual	\$ 279,490	\$ 293,779	\$ 308,818	\$ 324,605	\$ 341,203
	Monthly	\$ 23,291	\$ 24,482	\$ 25,735	\$ 27,050	\$ 28,434
	Hourly	\$ 134.37	\$ 141.24	\$ 148.47	\$ 156.06	\$ 164.04



AT-WILL EMPLOYMENT AGREEMENT

James D. Herberg
General Manager

ORANGE COUNTY SANITATION DISTRICT

THIS AT-WILL EMPLOYMENT AGREEMENT ("Agreement") is entered into, to be effective the **1st day of July, 2019**, by and between:

ORANGE COUNTY SANITATION DISTRICT, hereinafter referred to as "District";

AND

JAMES D. HERBERG, sometimes hereinafter referred to as "General Manager"; collectively referred to herein as ("the Parties")

RECITALS

WHEREAS, District desires to continue to employ James D. Herberg ("Mr. Herberg"), as General Manager of District, pursuant to the terms and conditions as set forth in this Agreement; and

WHEREAS, Mr. Herberg, by virtue of his education, training and experience, is fully qualified to fill the position of General Manager and desires to continue to serve the District as its General Manager, pursuant to the terms and conditions of this Agreement; and

WHEREAS, per Resolution No. 19-XX adopted on September 25, 2019, the District's Board of Directors has approved and authorized the Board Chair to execute this "At-Will Employment Agreement" to include a base building salary increase of 5.5% of his current salary.

WHEREAS, at the beginning of negotiations of a new Employment Agreement, the

parties agreed that any salary changes agreed to would take effect retroactively to the first pay period of July 2019, which is the first pay period in the current fiscal year.

NOW, THEREFORE, the Parties hereto agree as follows:

Section 1: District hereby continues to employ Mr. Herberg to serve as General Manager of the Orange County Sanitation District, commencing on the effective date hereof, and continuing until termination by either Party, as provided in this Agreement.

In that capacity, Mr. Herberg agrees to perform the functions and duties of General Manager, the administrative head of the District, as prescribed by the laws of the State of California, and by the rules, regulations, decisions, and directions of the Board of Directors of District (hereinafter referred to as "Board"). The General Manager's duties may involve expenditures of time in excess of the regularly established workday or in excess of a forty-hour work week and may also include time outside normal office hours (including attendance at Board and Committee meetings). General Manager is classified as an exempt employee under the Fair Labor Standards Act ("FLSA") and shall not be entitled to any additional compensation for hours worked in excess of forty in a work week.

Section 2: Mr. Herberg shall be employed in an "at-will" capacity serving at the sole pleasure of the Board. Either party to this Agreement may terminate the Agreement at any time for any reason with or without cause, and without hearing, upon 30 days' notice to the other party. Mr. Herberg is advised and acknowledges that he has none of the termination rights of a Regular employee of the District. Except as expressly provided herein, and as a condition of employment, Mr. Herberg knowingly, willingly and voluntarily gives up, waives, and disclaims any and all rights he may have, express or implied, to any notice and/or hearing before or after termination, and/or to any continued employment with the District after termination.

As an "at-will" employee, Mr. Herberg understands that he may be subject to termination with or without cause at the sole discretion of the Board, notwithstanding that the other provisions of the District's Personnel Policies and Procedures Manual (hereinafter referred to as "Manual") apply to Mr. Herberg. If the District terminates employment without cause, Mr. Herberg shall be given a thirty (30) day Notice of Termination and severance pay in an amount equal to six (6) months of his then current annual base salary upon Mr. Herberg's execution of a valid written release of legal claims.

If the District terminates this Agreement (thereby terminating Mr. Herberg's employment) without cause, and Mr. Herberg executes a valid written release of legal claims, the severance pay is considered a cash settlement related to the termination of Mr. Herberg and waiver of legal claims and

shall be fully reimbursed to the District by Mr. Herberg if Mr. Herberg is convicted of a crime involving an abuse of his office or position. Abuse of office or position shall have the meaning set forth in Government Code 53243.4, as may be amended, of either (1) an abuse of public authority, including, but not limited to, waste, fraud and violation of the law under color of authority, or (2) a crime against public justice, including, but, not limited to, a crime described in Title 7 (commencing with Section 92 of Part 1 of the Penal Code). Mr. Herberg shall reimburse such severance pay to the District no later than six (6) months after such conviction. If Mr. Herberg terminates his employment with 30 days' notice, the Board shall have the right to accept his resignation effective the date notice is given. Such decision to accept his resignation earlier shall not be considered a termination without cause and shall not entitle Mr. Herberg to receive the severance pay noted above.

Section 3: The term of this Agreement shall commence on the effective date above and continue for an indefinite duration, until terminated by either Party pursuant to Section 2 above, or unless terminated or amended as provided herein.

Section 4: As compensation for the services to be performed hereunder, upon the effective date of this Agreement, District agrees to pay General Manager an annual base salary for services rendered of three hundred six thousand one hundred ninety-six dollars (\$306,196), subject to all applicable deductions and withholdings of any and all sums required by then current state, federal or local law, along with deductions of applicable sums the General Manager is obligated to pay because of participation in plans and programs described in this Agreement, and paid biweekly in accordance with the District's established accounting and payroll practices at the same time and in the same manner as other employees of the District. No increase in salary may exceed the compensation permitted by the applicable salary range for the classification established by duly adopted Resolution of the Board.

For Years Two and Three of the employment contract, compensation will adjust as follows:

1. A salary increase in the first pay period of July 2020, consisting of a 3.0% salary range adjustment and corresponding salary increase and up to 2.5% merit increase to be determined by the Board of Directors based on job performance, not to exceed 5.5% total;
2. A salary increase in the first pay period of July 2021, consisting of a 3.0% salary range adjustment and corresponding salary increase and up to 2.5% merit increase to be determined by the Board of Directors based on job performance, not to exceed 5.5% total.

Section 5: For the period of this Agreement, District shall provide Mr. Herberg with a fixed benefit package that includes the following:

- Personal Leave – accrued based on years of service for all paid hours, including hours actually worked and hours in a paid-leave payroll status, on a biweekly basis in accordance with the Manual. Personal leave accruals shall not exceed four hundred forty (440) hours as of December 31 of each year. Any hours in excess of said limit, will be paid to Mr. Herberg in January in an amount equal to the hourly rate of compensation.
- Administrative Leave - 40 hours per fiscal year, granted and not eligible for annual cash out.
- Investment Incentive Salary (IIS) - 6% of base salary applied on a biweekly fiscal year basis, and a flat amount of one thousand two hundred fifty dollars (\$1,250) annually.
- Deferred Compensation - OCSD-paid annual allocation for 2019, 2020, and 2021 of \$11,000 allocated on a biweekly calendar year basis.
- Car Allowance – OCSD-paid annual allocation of \$8,400.
- Added Medical Allowance – OCSD-paid annual allocation for 2019, 2020, and 2021 of six thousand dollars (\$6,000).

Mr. Herberg's benefit package also shall include benefits consistent with the Manual for: holiday pay; medical, dental, vision and life insurance at three times base salary; long-term and short-term disability insurance; and employee assistance program. Additionally, Mr. Herberg's benefit package shall include executive disability insurance benefits, consistent with those provided to OCSD managers.

These benefits shall remain in full force and effect unless and until replaced by an amendment to this Agreement, signed by Mr. Herberg and approved by the Board, which amendment shall include the effective date thereof.

Section 6: District's Steering Committee shall meet with General Manager in August of each year during the term of this Agreement to review and evaluate his performance over the prior year. The Steering Committee shall make its recommendation(s) to the Board concerning adjustment to the compensation and/or benefits paid or provided to General Manager, to be effective in July of the year of review. After consideration of the recommendation(s) of the Steering Committee, the Board shall determine and approve the compensation, including benefits, payable to General Manager, which generally becomes effective July of the fiscal year of the review. Failure of the District to review and evaluate the performance of the General Manager pursuant to this section shall not affect the right of the District to terminate the General Manager's employment and shall not be considered a breach of this Agreement.

Section 7: Mr. Herberg shall be a Participant Member in the Orange County Employees Retirement System ("OCERS"). District shall pay the required employer's contribution and 0% of Mr. Herberg's required contribution towards membership in OCERS.

Section 8: District shall reimburse General Manager for all expenses paid by him and incurred for non-personal, job-related District business that are reasonably necessary to the General Manager's service to the District. The District agrees to either pay such expenses in advance or to reimburse the expenses, so long as the expenses are incurred and submitted according to the criteria established by District's budget and/or normal expense reimbursement procedures pursuant to applicable policy Resolutions. To be eligible for reimbursement, all expenses must be supported by documentation meeting the District's policies and requirements and must be submitted within time limits established by the District. Such reimbursement shall not be considered a benefit.

Section 9: During the period of this Agreement, it is agreed that General Manager shall devote his fulltime, skills, labor and attention to said employment. At no time may General Manager undertake outside activities consisting of consultant work, speaking engagements, writing, lecturing, or other similar professional activities for money or other consideration without prior approval of District's Steering Committee. However, the expenditure of reasonable amount of time for educational, charitable, or professional activities shall not be deemed a breach of this Agreement if those activities do not conflict or materially interfere with the services required under this Agreement, and shall not require the prior written consent of the Steering Committee.

This Agreement shall not be interpreted to prohibit General Manager from making passive personal investments or conducting private business affairs, provided those activities are not deemed to be a conflict of interest by state law nor do they conflict or materially interfere with the services required under this Agreement.

Section 10: The Board has the sole discretion to determine whether the District shall pay General Manager pending an investigation into any alleged misconduct by General Manager. In the event that the District's Board determines, in its sole discretion, that it is in the best interest of the District for General Manager to be placed on paid administrative leave pending such an investigation, General Manager shall fully reimburse any salary provided for that purpose if the misconduct for which the General Manager was under investigation results in the General Manager being convicted of a crime involving an abuse of his office or position as defined in

Section 2 of this Agreement. General Manager shall reimburse such salary to the District no later than six months after such conviction.

Section 11: In the event that the District provides funds for the legal criminal defense of General Manager, General Manager shall fully reimburse said funds to the District if the General Manager is convicted of a crime involving an abuse of his/her office or position as defined in Section 2 of this Agreement. General Manager shall reimburse such criminal legal defense fees to the District no later than six months after such conviction.

Section 12: The terms and conditions of employment for General Manager, including other employment benefits for the General Manager that are not specifically provided for in this Agreement, shall be governed by the Manual, to the extent that amendments to the Manual made after the effective date of this Agreement are not inconsistent with the provisions of this Agreement. In the event of any such inconsistency or conflict, the provisions of this Agreement shall govern.

Section 13: This Agreement supersedes any and all other prior agreements, either oral or in writing, between the Parties hereto with respect to the employment of Mr. Herberg by District, and contains all of the covenants and agreements between the Parties with respect to that employment in any manner whatsoever. Each Party to this Agreement acknowledges that no representation, inducement, promise, or agreement, orally or otherwise, has been made by any Party, or anyone acting on behalf of any Party, which is not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement or Employment shall be valid or binding on either Party.

Section 14: Any notices to be given hereunder by either Party to the other shall be in writing and may be transmitted by personal delivery, or by mail, registered or certified, postage prepaid, with return receipt requested. Mailed notices shall be addressed to the Parties at the addresses maintained in the personnel records of District, but each Party may change that address by written notice in accordance with this Section. Notices delivered personally shall be deemed communicated as of the date of actual receipt; mailed notices shall be deemed communicated as of the date of mailing.

Section 15: Any modifications of this Agreement will be effective only if set forth in writing and signed by the Parties.

Section 16: The failure of either Party to insist on strict compliance with any of the terms, covenants, or conditions of this Agreement by the other Party, shall not be deemed a

waiver of that term, covenant, or condition, nor shall any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

Section 17: If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

Section 18: This Agreement shall be governed by and construed in accordance with the laws of the State of California and all applicable ordinances, policies and resolutions.

Section 19: General Manager acknowledges that he has had the opportunity and has conducted an independent review of the financial and legal effects of this Agreement. General Manager acknowledges that he has made an independent judgment upon the financial and legal effects of the Agreement and has not relied upon representation of the District, its elected or appointed officers and officials, agents or employees other than those expressly set forth in this Agreement. General Manager acknowledges that he has been advised to obtain, and has availed himself of, legal advice with respect to the terms and provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this At-Will Employment Agreement as follows.

"DISTRICT"

ORANGE COUNTY SANITATION DISTRICT

"GENERAL MANAGER"

By: _____
James D. Herberg Date

APPROVED AS TO FORM:
BRADLEY R. HOGIN
GENERAL COUNSEL

"CHAIR, BOARD OF DIRECTORS"

Bradley R. Hogin

By: _____
David John Shawver Date



Orange County Sanitation District

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

STEERING COMMITTEE

Agenda Report

File #: 2019-596

Agenda Date: 9/25/2019

Agenda Item No: 4.

FROM: James D. Herberg, General Manager
Originator: Celia Chandler, Director of Human Resources

SUBJECT:

EXECUTIVE MANAGEMENT TEAM COMPENSATION AND BENEFITS AND MANAGER GROUP COMPENSATION AND BENEFITS

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Adopt Resolution No. OCSD 19-13 entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving salary increases, salary range adjustments, and a minor increase to 457(b) matching contributions for At-Will Executive Management Team employees for Fiscal Year 2019/2020, Fiscal Year 2020/2021, and Fiscal Year 2021/2022", authorizing the General Manager to implement increases consisting of a 3% salary range adjustment annually and corresponding salary increases and up to a 5% merit increase annually based on job performance as determined by the General Manager, not to exceed Step 5 of the corresponding salary range, commencing in the first pay period of July 2019 for Fiscal Year 2019/2020.

- B. Adopt Resolution No. OCSD 19-14 entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving salary increases, salary range adjustments, and a minor increase to 457(b) matching contributions for unrepresented management employees for Fiscal Year 2019/2020, Fiscal Year 2020/2021, and Fiscal Year 2021/2022", authorizing the General Manager to implement increases consisting of a 3% salary range adjustment annually and corresponding salary increases and up to a 5% merit increase annually based on job performance as determined by the General Manager, not to exceed Step 5 of the corresponding salary range, commencing in the first pay period of July 2019 for Fiscal Year 2019/2020.

BACKGROUND

Executive Management Team Group

There are five (5) Executive Management Team (EMT) employees who provide executive leadership, strategic direction, and department oversight for the Orange County Sanitation District (Sanitation District). EMT employees serve in at-will employment status, which may be terminated at any time, with or without cause, with no liability to the Sanitation District.

Currently, the EMT's salary market position is at the 68th percentile based on July 2019 data.

The General Manager is recommending salary increases annually for three years that consist of a 3% salary range adjustment and corresponding salary increases and up to a 5% merit increase each fiscal year based on individual job performance, not to exceed Step 5 of the corresponding salary range, as determined by the General Manager.

Additionally, the General Manager is recommending an increase in the matching 457(b) contribution from up to \$200 a month to up to \$300 a month for Executive Management Team members who do not receive Investment Incentive Salary (IIS) or are assigned to the classic open or PEPRA pension plans.

In 2016, the Board authorized the General Manager to administer the Board-approved EMT pay plan through a pay-for-performance system with pay range steps. The pay-for-performance system allows for merit increases to be paid only to EMT employees who meet specific goals assigned by the General Manager related to his District Work Plan and departmental initiatives.

Pursuant to the understanding with the EMT members at the beginning of discussions, the salary changes and salary range adjustments would take effect the first pay period in July of the current fiscal year, 2019.

Manager Group

There are fourteen (14) employees in nine (9) manager classifications at the Sanitation District who oversee staff within a particular division and align performance with the goals of the agency. In recent years, the Sanitation District has reduced the number of managers, resulting in significant cost savings and increased efficiencies, and broader scopes of responsibilities. Managers are not represented by a bargaining unit and represent themselves as a group in discussions with the General Manager regarding wages, benefits, and other conditions of employment.

Currently, the Manager Group's salary market position is at the 73rd percentile based on July 2019 data.

The General Manager is recommending salary increases annually for three years that consist of a 3% salary range adjustment and corresponding salary increases and up to a 5% merit increase each fiscal year, not to exceed Step 5 of the corresponding salary range, based on individual job performance as determined by the General Manager.

Additionally, the General Manager is recommending an increase in the matching 457(b) contribution from up to \$200 a month to up to \$300 a month for managers who do not receive Investment Incentive Salary (IIS) or are assigned to the classic open or PEPRA pension plans.

In 2016, the Board authorized the General Manager to administer the Board-approved Manager Group pay plan through a pay-for-performance system with pay range steps. The pay-for-performance system allows for merit increases to be paid only to Manager Group employees who meet specific goals assigned by the General Manager related to his District Work Plan and departmental initiatives.

Pursuant to the understanding with the Manager Group members at the beginning of discussions, the salary changes and salary range adjustments would take effect the first pay period of July in the current fiscal year, 2019.

RELEVANT STANDARDS

- Ensure the public's money is wisely spent
- Offer competitive compensation and benefits
- Cultivate a highly qualified, well-trained, and diverse workforce

PROBLEM

Koff & Associates, an independent Human Resources consulting company, recently evaluated classification and compensation data among the Sanitation District's 17 comparison agencies in a labor market study to refresh data from the Sanitation District's most recent Classification and Compensation Study (C&C Study). The results of the July 2019 data refresh indicate that the EMT and Manager Group salaries at the Sanitation District are positioned near the 75th percentile targeted by the Sanitation District. Currently, the EMT are at the 68th percentile of market, and the Manager Group is at the 73rd percentile as compared to peers in like positions.

Data indicates that by the year 2022, 80% of EMT employees and 64% of management employees will be eligible for retirement, making succession planning, retention, and recruitment high priorities at the Sanitation District. As the Sanitation District looks to promote employees from the supervisory ranks into Management and EMT positions, these potential internal employees are currently faced with a decision to continue at the Sanitation District or look outside the organization for higher level positions that may be more attractive in the market. In addition, if the Sanitation District seeks to recruit employees from outside the agency to fill potential EMT and management position openings due to retirement, the Sanitation District should ensure it provides competitive pay compared to the labor market to support the ability to attract and retain top talent.

PROPOSED SOLUTION

Adopt Resolution No. OCSD 19-13 entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving salary increases, salary range adjustments, and a minor increase to 457(b) matching contributions for At-Will Executive Management Team employees for Fiscal Year 2019/2020, Fiscal Year 2020/2021, and Fiscal Year 2021/2022", and Resolution No. OCSD 19-14 entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving salary increases, salary range adjustments, and a minor increase to 457(b) matching contributions for unrepresented management employees for Fiscal Year 2019/2020, Fiscal Year 2020/2021, and Fiscal Year 2021/2022".

Based on prior Board authorization, the General Manager entered into discussions with the EMT and Manager Group employees, which resulted in the proposed 3% salary range adjustments and corresponding salary increases annually, up to a 5% merit increase each fiscal year based on individual job performance as determined by the General Manager, and a minor increase in 457(b) matching contributions.

RAMIFICATIONS OF NOT TAKING ACTION

Risks may include losing top talent and of not being able to attract top talent due to decline in salary market position, not maintaining the Sanitation District's targeted 75th percentile in salary market position, and impacting internal alignment across employee groups, potentially causing compaction issues between unrepresented groups and represented groups.

PRIOR COMMITTEE/BOARD ACTIONS

November 2016 - Approved Resolution No. OCSD 16-27 and Resolution No. OCSD 16-28, which established a pay-for-performance compensation system with pay range steps for Executive Management and Manager Groups, respectively. Also, the Resolutions authorized the General Manager to administer the Board-approved Executive Management Team and Manager pay plans.

ADDITIONAL INFORMATION

Executive Management Team

Executive Management Team members are employed on an At-Will basis and serve at the pleasure of the General Manager. The General Manager is authorized, per the Board's Personnel Policies and Procedures, to periodically adjust the rate of compensation for Executive Management Team members who have signed At-Will agreements so long as no adjustment exceeds the compensation permitted by the applicable salary range.

The five (5) At-Will employees of the Sanitation District's EMT are relied upon heavily to provide leadership, strategic direction, and department oversight at the Sanitation District. These individuals serve in key leadership positions that are critical to the success of the agency.

Executive Management Team members hold the following classifications:

Executive Management Team Classifications

- Assistant General Manager & Director of Operations and Maintenance
- Assistant General Manager & Director of Finance and Administrative Services
- Director of Engineering
- Director of Environmental Services
- Director of Human Resources

The Sanitation District is committed to maintaining a competitive compensation market position that attracts and retains top employment talent. It is the Sanitation District's philosophy to compensate employees competitively and equitably; understanding the relative market position assists in that determination.

The comprehensive District-wide C&C Study completed by Koff & Associates in 2016 revealed that EMT salaries for all classifications were significantly below the 75th percentile. Over the previous five (5) years, the group's aggregate market position had declined from the 60th percentile in 2011 to the 33rd percentile in 2016.

Salary structure changes and salary range adjustments approved by the Board in 2017 and 2018 accomplished the goal of bringing the Sanitation District's EMT salary ranges in line with the market's 75th percentile (with the top of the range being at the 75th percentile) by 2019. The current proposed three-year salary range adjustments are designed to keep pace with comparison agency increases and thereby maintain the Sanitation District's current market position.

The ability of employees on the EMT to move through their respective pay ranges is based on their ability to meet the Sanitation District's goals in a pay-for-performance pay system.

Manager Group

The nine (9) classifications that comprise the Sanitation District's Manager Group are relied upon heavily to provide day-to-day leadership to support strategic direction and division management oversight at the Sanitation District. These individuals serve in key leadership positions that are critical to the success of the agency.

Manager Group members hold the following classifications:

Manager Group Classifications

- Administration Manager
- Controller
- Engineering Manager (6)
- Environmental Lab & Ocean Monitoring Manager
- Human Resources & Risk Manager
- IT Systems & Operations Manager
- Maintenance Manager
- Operations Manager
- Purchasing & Contracts Manager

The comprehensive District-wide C&C Study completed by Koff & Associates in 2016 revealed that the Manager Group salaries for all classifications were significantly below the 75th percentile. The Manager Group's market position had declined from the 70th percentile in 2011 to the 55th percentile in 2016.

Salary structure changes and salary range adjustments approved by the Board in 2017 and 2018 accomplished the goal to bring the Sanitation District's Manager Group salary ranges in line with the 75th percentile (with the top of the range being at the 75th percentile) by 2019. The current proposed three-year salary range adjustments are designed to keep pace with comparison agency increases and thereby maintain the Sanitation District's current market position.

The ability for employees in the Manager Group to move through their respective pay ranges is based on their ability to meet the Sanitation District's goals in a pay-for-performance pay system.

CEQA

N/A

FINANCIAL CONSIDERATIONS

The costs of the salary range adjustment, salary increases, and minor adjustments to benefits are approximately \$920,897 over the three-year term for both EMT and Managers combined.

ATTACHMENT

The following attachment(s) are included in hard copy and may also be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Resolution No. OCSD 19-13 (Executive Management Team)
- Current Executive Management Team Pay Table
- Proposed Executive Management Team Pay Tables, July 2019 to June 2022
- Resolution No. OCSD 19-14 (Manager Group)
- Current Manager Group Pay Table
- Proposed Manager Group Pay Tables, July 2019 to June 2022

RESOLUTION NO. OCSD 19-13

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY SANITATION DISTRICT APPROVING SALARY INCREASES, SALARY RANGE ADJUSTMENTS, AND A MINOR INCREASE TO 457(B) MATCHING CONTRIBUTIONS FOR AT-WILL EXECUTIVE MANAGEMENT TEAM EMPLOYEES FOR FISCAL YEAR 2019/2020, FISCAL YEAR 2020/2021, AND FISCAL YEAR 2021/2022

WHEREAS, there are five (5) executive management team employees at the Orange County Sanitation District ("OCSD") who provide executive leadership, strategic direction, and department oversight for OCSD; and

WHEREAS, executive management team employees serve in at-will employment status, which may be terminated at any time by either the General Manager or an executive management team employee with or without cause with no liability; and

WHEREAS, in 2016 the Board authorized the General Manager to administer the Board approved Executive Management pay plan through a pay for performance system with pay range steps; and

WHEREAS, the General Manager entered into discussions with executive management employees, which resulted in agreed upon proposed salary increases, salary range adjustments, performance-based merit increases, and minor benefit adjustments; and

WHEREAS, the parties agreed that the salary changes would take effect retroactively to the first pay period in July 2019 and the start of the new fiscal year in alignment with the other employee unit increases.

NOW, THEREFORE, the Board of Directors of the Orange County Sanitation District, DOES HEREBY RESOLVE, DETERMINE, AND ORDER:

That the Board of Directors hereby authorizes and approves the following changes to salaries and benefits for Executive Management Team members, which shall become effective the first pay period of July 2019:

- A salary increase in the first pay period of July 2019, consisting of a 3.0% salary range adjustment and corresponding salary increases and up to 5.0% merit increase as determined by the General Manager, not to exceed 8.0% total and not to exceed Step 5 of the corresponding pay range, is hereby approved to be effective retroactively to the first pay period of July 2019;
- A salary increase in the first pay period of July 2020, consisting of a 3.0% salary range adjustment and corresponding salary increases and up to 5.0% merit

increase as determined by the General Manager, not to exceed 8.0% total and not to exceed Step 5 of the corresponding pay range;

- A salary increase in the first pay period of July 2021, consisting of a 3.0% salary range adjustment and corresponding salary increases and up to 5.0% merit increase as determined by the General Manager, not to exceed 8.0% total and not to exceed Step 5 of the corresponding pay range;
- An increase in the amount of the matching 457(b) contribution to provide up to \$300 a month for Executive Management Team employees who do not receive IIS or are assigned to the classic open or PEPRA plans.

That the General Manager, or his designee, is authorized to implement the changes to salary ranges, salaries, benefits, and performance increases approved herein.

PASSED AND ADOPTED at a regular meeting of the Board of Directors held September 25, 2019.

David John Shawver
Board Chairman

ATTEST:

Kelly A. Lore, MMC
Clerk of the Board

STATE OF CALIFORNIA)
) ss
COUNTY OF ORANGE)

I, Kelly A. Lore, Clerk of the Board of Directors of the Orange County Sanitation District, do hereby certify that the foregoing Resolution No. OCSD 19-13 was passed and adopted at a regular meeting of said Board on the 25th day of September 2019, by the following vote, to wit:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Orange County Sanitation District this 25th day of September 2019.

Kelly A. Lore, MMC
Clerk of the Board of Directors
Orange County Sanitation District

**Orange County Sanitation District
Classification and Compensation Plan**

FY 2018/2019 (Current Year)

Rates Effective July 6, 2018

EXECUTIVE MANAGEMENT GROUP

Classification	Pay Grade	Step 1	Step 2	Step 3	Step 4	Step 5
Assistant General Manager	EM32	\$ 226,074	\$ 237,635	\$ 249,788	\$ 262,562	\$ 275,990
Director of Engineering	EM27	\$ 199,817	\$ 210,035	\$ 220,776	\$ 232,067	\$ 243,935
Director of Operations & Maintenance	EM26	\$ 194,943	\$ 204,912	\$ 215,392	\$ 226,407	\$ 237,985
Director of Environmental Services	EM25	\$ 190,188	\$ 199,914	\$ 210,138	\$ 220,885	\$ 232,181
Director of Finance & Administrative Services						
Director of Human Resources						

**Orange County Sanitation District
Classification and Compensation Plan**

FY 2019/2020 (Year One)

PROPOSED Rates for July 2019

EXECUTIVE MANAGEMENT GROUP

Classification	Pay Grade	Step 1	Step 2	Step 3	Step 4	Step 5
Assistant General Manager	EM32	\$ 232,856	\$ 244,774	\$ 257,275	\$ 270,442	\$ 284,274
Director of Engineering	EM27	\$ 205,816	\$ 216,341	\$ 227,386	\$ 239,034	\$ 251,264
Director of Operations & Maintenance	EM26	\$ 200,782	\$ 211,078	\$ 221,853	\$ 233,210	\$ 245,128
Director of Environmental Services	EM25	\$ 195,894	\$ 205,899	\$ 216,445	\$ 227,510	\$ 239,158
Director of Finance & Administrative Services						
Director of Human Resources						

FY 2020/2021 (Year Two)

PROPOSED Rates for July 2020

EXECUTIVE MANAGEMENT GROUP

Classification	Pay Grade	Step 1	Step 2	Step 3	Step 4	Step 5
Assistant General Manager	EM32	\$ 239,845	\$ 252,117	\$ 264,992	\$ 278,554	\$ 292,802
Director of Engineering	EM27	\$ 211,994	\$ 222,830	\$ 234,208	\$ 246,210	\$ 258,794
Director of Operations & Maintenance	EM26	\$ 206,814	\$ 217,402	\$ 228,509	\$ 240,198	\$ 252,491
Director of Environmental Services	EM25	\$ 201,781	\$ 212,077	\$ 222,934	\$ 234,333	\$ 246,334
Director of Finance & Administrative Services						
Director of Human Resources						

**Orange County Sanitation District
Classification and Compensation Plan**

FY 2021/2022 (Year Three)
PROPOSED Rates for July 2021

EXECUTIVE MANAGEMENT GROUP

Classification	Pay Grade	Step 1	Step 2	Step 3	Step 4	Step 5
Assistant General Manager	EM32	\$ 247,042	\$ 259,688	\$ 272,938	\$ 286,915	\$ 301,579
Director of Engineering	EM27	\$ 218,358	\$ 229,507	\$ 241,238	\$ 253,594	\$ 266,573
Director of Operations & Maintenance	EM26	\$ 213,013	\$ 223,933	\$ 235,373	\$ 247,395	\$ 260,062
Director of Environmental Services	EM25	\$ 207,834	\$ 218,442	\$ 229,632	\$ 241,363	\$ 253,718
Director of Finance & Administrative Services						
Director of Human Resources						

RESOLUTION NO. OCSD 19-14

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY SANITATION DISTRICT APPROVING SALARY INCREASES, SALARY RANGE ADJUSTMENTS, AND A MINOR INCREASE TO 457(B) MATCHING CONTRIBUTIONS FOR UNREPRESENTED MANAGEMENT EMPLOYEES FOR FISCAL YEAR 2019/2020, FISCAL YEAR 2020/2021, AND FISCAL YEAR 2021/2022

WHEREAS, there are fourteen (14) employees in the management employees job classifications at the Orange County Sanitation District ("OCSD") who serve as organizational leaders and oversee staff within particular divisions and/or workgroups to align performance outcomes with the strategic goals of the agency; and

WHEREAS, management employees are unrepresented and meet directly with the General Manager about terms and conditions of employment; and

WHEREAS, in 2016 the Board authorized the General Manager to administer the Board approved Manager Group pay plan through a pay for performance system with pay range steps; and

WHEREAS, the General Manager entered into discussions with the management employees, which resulted in agreed upon proposed salary increases, salary range adjustments, performance-based merit increases, and minor benefit adjustments; and

WHEREAS, the parties agreed that the salary changes would take effect the first pay period in July 2019 and the start of the new fiscal year in alignment with the other employee unit increases.

NOW, THEREFORE, the Board of Directors of the Orange County Sanitation District, DOES HEREBY RESOLVE, DETERMINE, AND ORDER:

That the Board of Directors hereby authorizes and approves the following changes to salaries and benefits for management employees, which shall become effective the first pay period of July 2019:

- A salary increase in the first pay period of July 2019, consisting of a 3.0% salary range adjustment and corresponding salary increases and up to 5.0% merit increase as determined by the General Manager, not to exceed 8.0% total and not to exceed Step 5 of the corresponding pay range, is hereby approved to be effective retroactively to the first pay period of July 2019;
- A salary increase in the first pay period of July 2020, consisting of a 3.0% salary range adjustment and corresponding salary increases and up to 5.0% merit

increase as determined by the General Manager, not to exceed 8.0% total and not to exceed Step 5 of the corresponding pay range;

- A salary increase in the first pay period of July 2021, consisting of a 3.0% salary range adjustment and corresponding salary increases and up to 5.0% merit increase as determined by the General Manager, not to exceed 8.0% total and not to exceed Step 5 of the corresponding pay range;
- An increase in the amount of the matching 457(b) contribution to provide up to \$300 a month for Executive Management Team employees who do not receive IIS or are assigned to the classic open or PEPRA plans.

That the General Manager, or his designee, is authorized to implement the changes to salary ranges and structure, salaries, benefits, and performance increases approved herein.

PASSED AND ADOPTED at a regular meeting of the Board of Directors held September 25, 2019.

David John Shawver
Board Chairman

ATTEST:

Kelly A. Lore, MMC
Clerk of the Board

STATE OF CALIFORNIA)
) ss
COUNTY OF ORANGE)

I, Kelly A. Lore, Clerk of the Board of Directors of the Orange County Sanitation District, do hereby certify that the foregoing Resolution No. OCSD 19-14 was passed and adopted at a regular meeting of said Board on the 25th day of September 2019, by the following vote, to wit:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Orange County Sanitation District this 25th day of September 2019.

Kelly A. Lore, MMC
Clerk of the Board of Directors
Orange County Sanitation District

**Orange County Sanitation District
Classification and Compensation Plan**

FY 2018/2019 (Current Year)

Rates Effective July 6, 2018

MANAGERS GROUP

Classification	Pay Grade	Step 1	Step 2	Step 3	Step 4	Step 5
Engineering Manager	EM18	\$ 159,999	\$ 168,181	\$ 176,782	\$ 185,823	\$ 195,326

Administration Manager	EM16	\$ 152,289	\$ 160,077	\$ 168,264	\$ 176,869	\$ 185,914
Controller						
Environmental Lab & Ocean Monitoring Manager						
Human Resources & Risk Manager						
IT Systems & Operations Manager						
Maintenance Manager						
Operations Manager						
Purchasing & Contracts Manager						

**Orange County Sanitation District
Classification and Compensation Plan**

FY 2019/2020 (Year One)

PROPOSED Rates for July 2019

MANAGERS GROUP

Classification	Pay Grade	Step 1	Step 2	Step 3	Step 4	Step 5
Engineering Manager	EM18	\$ 164,798	\$ 173,243	\$ 182,083	\$ 191,401	\$ 201,198

Administration Manager	EM16	\$ 156,873	\$ 164,881	\$ 173,326	\$ 182,166	\$ 191,484
Controller						
Environmental Lab & Ocean Monitoring Manager						
Human Resources & Risk Manager						
IT Systems & Operations Manager						
Maintenance Manager						
Operations Manager						
Purchasing & Contracts Manager						

FY 2020/2021 (Year Two)

PROPOSED Rates for July 2020

MANAGERS GROUP

Classification	Pay Grade	Step 1	Step 2	Step 3	Step 4	Step 5
Engineering Manager	EM18	\$ 169,748	\$ 178,443	\$ 187,553	\$ 197,142	\$ 207,230

Administration Manager	EM16	\$ 161,574	\$ 169,832	\$ 178,526	\$ 187,636	\$ 197,225
Controller						
Environmental Lab & Ocean Monitoring Manager						
Human Resources & Risk Manager						
IT Systems & Operations Manager						
Maintenance Manager						
Operations Manager						
Purchasing & Contracts Manager						

**Orange County Sanitation District
Classification and Compensation Plan**

FY 2021/2022 (Year Three)
PROPOSED Rates for July 2021

MANAGERS GROUP

Classification	Pay Grade	Step 1	Step 2	Step 3	Step 4	Step 5
Engineering Manager	EM18	\$ 174,844	\$ 183,788	\$ 193,190	\$ 203,049	\$ 213,449
Administration Manager	EM16	\$ 166,420	\$ 174,928	\$ 183,872	\$ 193,273	\$ 203,132
Controller						
Environmental Lab & Ocean Monitoring Manager						
Human Resources & Risk Manager						
IT Systems & Operations Manager						
Maintenance Manager						
Operations Manager						
Purchasing & Contracts Manager						



Orange County Sanitation District

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

STEERING COMMITTEE

Agenda Report

File #: 2019-597

Agenda Date: 9/25/2019

Agenda Item No: 5.

FROM: James D. Herberg, General Manager
Originator: Celia Chandler, Director of Human Resources

SUBJECT:

CONFIDENTIAL EMPLOYEE GROUP COMPENSATION BENEFITS

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Adopt Resolution No. OCSD 19-15 entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving salary range adjustments and consideration to establish a Health Retirement Account for unrepresented exempt confidential employees for Fiscal Year 2019/2020, Fiscal Year 2020/2021, and Fiscal Year 2021/2022".
- B. Adopt Resolution No. OCSD 19-16 entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving salary range adjustments, a minor increase in Development Pay, and consideration to establish a Health Retirement Account for unrepresented non-exempt confidential employees for Fiscal Year 2019/2020, Fiscal Year 2020/2021, and Fiscal Year 2021/2022".

BACKGROUND

Confidential employees perform duties and responsibilities that support Orange County Sanitation District (Sanitation District) management with labor relations. Confidential employees are not represented by a bargaining unit and meet directly with the General Manager regarding terms and conditions of employment.

Exempt level confidential employees perform work and duties that align with that of employees in the Supervisor Group and Professional Group bargaining units. However, due to their job duties in support of the labor relations program, confidential employees are not represented by a bargaining unit. Therefore, although they are in separate groups, unrepresented exempt level confidential employees' wages and benefits historically have aligned with represented employees' negotiated wages and benefits in the Supervisor Group and Professional Group.

Similarly, non-exempt level confidential employees perform work and duties that align with that of employees in the Orange County Employees Association (OCEA) bargaining units. However, due to their job duties in support of the labor relations program, confidential employees are not represented by a bargaining unit. Therefore, although they are in separate groups, unrepresented non-exempt confidential employees' wages and benefits historically have aligned with represented employees'

negotiated wages and benefits in the OCEA groups.

The General Manager is proposing the following adjustments for exempt- and non-exempt-level confidential employees that align with represented employee wages and benefits.

- **Salary Range Adjustments (3-Year Cost: \$363,934)**
- 3% salary range adjustment and corresponding salary increases in Year 1; 3% salary range adjustment and corresponding salary increases in Year 2; and 3% salary range adjustment and corresponding salary increases in Year 3.
- **Insurance** - Conduct discussions to consider establishment of Health Retirement Account (HRA) for employees.

RELEVANT STANDARDS

- Ensure the public's money is wisely spent
- Offer competitive compensation and benefits
- Cultivate a highly qualified, well-trained, and diverse workforce
- Maintain positive employer-employee relations
- Provide professional growth and development

PROBLEM

The Memoranda of Understanding (MOUs) between the Sanitation District and similarly situated groups in the Supervisory and Professional Management Group (SPMG) and OCEA - Administrative & Clerical Unit bargaining units that became effective on July 1, 2016, expired on June 30, 2019. Successor MOUs were approved by the Board on August 28, 2019, for the similarly situated SPMG and OCEA groups, including salary increases of 3% annually for each of the three years of the agreements. Terms for the similarly situated exempt- and non-exempt level Confidential Group employees have not yet been approved.

PROPOSED SOLUTION

Adopt Resolution No. OCSD 19-15, entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving salary range adjustments and consideration to establish a Health Retirement Account for unrepresented exempt confidential employees for Fiscal Year 2019/2020, Fiscal Year 2020/2021, and Fiscal Year 2021/2022".

Adopt Resolution No. OCSD 19-16, entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving salary range adjustments, a minor increase in Development Pay, and consideration to establish a Health Retirement Account for unrepresented non-exempt confidential employees for Fiscal Year 2019/2020, Fiscal Year 2020/2021, and Fiscal Year 2021/2022".

TIMING CONCERNS

Labor agreements including salary increases for the corresponding represented groups were approved at the August 28, 2019 Board of Directors meeting.

Salary and benefits for other unrepresented employees, including Executive Management Team and Managers, will be considered at the September 25, 2019, Board of Directors meeting.

RAMIFICATIONS OF NOT TAKING ACTION

- Potential labor instability
- Possible impacts to morale
- Inconsistency in compensation between represented and unrepresented classifications

PRIOR COMMITTEE/BOARD ACTIONS

August 2019 - Board approved successor Memoranda of Understanding, including salary adjustments, for represented employees in similarly situated groups in the SPMG and OCEA bargaining units for Fiscal Years 2019/2020, 2020/2021, and 2021/2022.

November 2016 - Approved Resolutions No. OCSD 16-25 and 16-26, which provided salary adjustments to non-exempt and exempt confidential employees, respectively, for Fiscal Years 2016/2017, 2017/2018, and 2018/2019 based on similarly situated groups.

October 2016 - Approved Resolutions No. OCSD 16-21 and 16-22, which provided salary adjustments for represented employees in similarly situated groups in the SPMG and OCEA bargaining units for Fiscal Years 2016/2017, 2017/2018, and 2018/2019.

ADDITIONAL INFORMATION

There are currently fifteen (15) exempt level confidential employees at the Sanitation District in seven (7) classifications. Confidential employees are those employees who, with authorized access, assist and act in a confidential capacity to and for persons who formulate, determine, and effectuate management policies with respect to labor relations.

Exempt level confidential employees hold the following classifications:

- Assistant Clerk of the Board
- Clerk of the Board
- Human Resources Analyst
- Human Resources Supervisor
- Principal Human Resources Analyst
- Secretary to the General Manager
- Senior Human Resources Analyst

There are currently two (2) non-exempt confidential employees at the Sanitation District in one (1) classification. Confidential employees are those employees who, with authorized access, assist and act in a confidential capacity to and for persons who formulate, determine, and effectuate management policies with respect to labor relations.

Non-exempt confidential employees hold the following classification: Human Resources Assistant.

Confidential employees are not represented by a bargaining unit; instead, confidential employees represent themselves as a group in informal discussions with the Sanitation District's General Manager regarding wages, hours, and other terms and conditions of employment. The General Manager recommends the following changes:

- Salary
Year 1 - 3% Salary Increase, retroactive to the first pay period of July 2019.
Year 2 - 3% Salary Increase, effective the first pay period of July 2020.
Year 3 - 3% Salary Increase, effective the first pay period of July 2021.

CEQA

N/A

FINANCIAL CONSIDERATIONS

The total cost of the salary range adjustment increases and minor changes to benefits for confidential employee classifications is approximately \$368,363 over the three-year term.

ATTACHMENT

The following attachment(s) are included in hard copy and may also be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Resolution No. OCSD 19-15 (Exempt Confidential Employees)
- Resolution No. OCSD 19-16 (Non-Exempt Confidential Employees)
- Current Salary Schedule for Confidential Group (FY 2018/2019)
- Proposed Salary Schedules for Confidential Group for FY 2019/2020, FY 2020/2021, and FY 2021/2022

RESOLUTION NO. OCSD 19-15

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY SANITATION DISTRICT APPROVING SALARY RANGE ADJUSTMENTS AND CONSIDERATION TO ESTABLISH A HEALTH RETIREMENT ACCOUNT FOR UNREPRESENTED EXEMPT CONFIDENTIAL EMPLOYEES FOR FISCAL YEAR 2019/2020, FISCAL YEAR 2020/2021 & FISCAL YEAR 2021/2022

WHEREAS, there are seventeen (17) employees in the confidential employees job classifications at the Orange County Sanitation District ("OCSD") who, with authorized access, assist and act in a confidential capacity to and for persons who formulate, determine, and effectuate management policies with respect to labor relations; and

WHEREAS, there are fifteen (15) confidential employees holding exempt level classifications; and

WHEREAS, exempt level confidential employees are unrepresented and meet directly with the General Manager about terms and conditions of employment; and

WHEREAS, the General Manager recently entered into discussions with the exempt level confidential employees and completed negotiations in August 2019, which resulted in agreed upon proposed changes to wages and benefits that align with those agreed upon for represented employees.

NOW, THEREFORE, in consideration thereof, the Board of Directors of the Orange County Sanitation District, DOES HEREBY RESOLVE, DETERMINE, AND ORDER:

1. That the Board of Directors hereby authorizes and approves the following changes to wage and benefits for exempt level confidential employees, which shall become effective as noted:

a) Salaries

- To align with similarly situated represented employee classifications, exempt level confidential employees' salaries shall be adjusted per the following:
 - Year 1 – 3.0% Salary Range Adjustment and corresponding salary increase, retroactive to the first pay period of July 2019.
 - Year 2 – 3.0% Salary Range Adjustment and corresponding salary increase, effective the first pay period of July 2020.
 - Year 3 – 3.0% Salary Range Adjustment and corresponding salary increase, effective the first pay period of July 2021.

b) Insurance

- Conduct discussions to consider establishment of Health Retirement Account (HRA) for employees.

PASSED AND ADOPTED at a regular meeting of the Board of Directors held September 25, 2019.

David John Shawver
Board Chairman

ATTEST:

Kelly A. Lore, MMC
Clerk of the Board

STATE OF CALIFORNIA)
) ss
COUNTY OF ORANGE)

I, Kelly A. Lore, Clerk of the Board of Directors of the Orange County Sanitation District, do hereby certify that the foregoing Resolution No. OCSD 19-15 was passed and adopted at a regular meeting of said Board on the 25th day of September 2019, by the following vote, to wit:

AYES:
NOES:
ABSTENTIONS:
ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Orange County Sanitation District this 25th day of September 2019.

Kelly A. Lore, MMC
Clerk of the Board of Directors
Orange County Sanitation District

RESOLUTION NO. OCSD 19-16

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY SANITATION DISTRICT APPROVING SALARY RANGE ADJUSTMENTS, A MINOR INCREASE IN DEVELOPMENT PAY, AND CONSIDERATION TO ESTABLISH A HEALTH RETIREMENT ACCOUNT FOR UNREPRESENTED NON-EXEMPT CONFIDENTIAL EMPLOYEES FOR FISCAL YEAR 2019/2020, FISCAL YEAR 2020/2021 & FISCAL YEAR 2021/2022

WHEREAS, there are seventeen (17) employees in the confidential employees job classifications at the Orange County Sanitation District ("OCSD") who, with authorized access, assist and act in a confidential capacity to and for persons who formulate, determine, and effectuate management policies with respect to labor relations; and

WHEREAS, there are two (2) confidential employees holding a non-exempt classification; and

WHEREAS, non-exempt confidential employees are unrepresented and meet directly with the General Manager about terms and conditions of employment; and

WHEREAS, the General Manager recently entered into discussions with the non-exempt confidential employees and completed negotiations in August 2019, which resulted in agreed upon proposed changes to wages and benefits that align with those agreed upon for represented employees.

NOW, THEREFORE, in consideration thereof, the Board of Directors of the Orange County Sanitation District, DOES HEREBY RESOLVE, DETERMINE, AND ORDER THE FOLLOWING:

1. That the Board of Directors hereby authorizes and approves the following changes to wage and benefits for non-exempt confidential employees, which shall become effective as noted:

a) Salaries

- To align with similarly situated represented employee classifications, non-exempt confidential employees' salaries shall be adjusted per the following:
 - Year 1 – 3.0% Salary Range Adjustment and corresponding salary increase, retroactive to the first pay period of July 2019.
 - Year 2 – 3.0% Salary Range Adjustment and corresponding salary increase, effective the first pay period of July 2020.
 - Year 3 – 3.0% Salary Range Adjustment and corresponding salary increase, effective the first pay period of July 2021.

- b) Benefits
 - Increase Development Pay for Certification/License for non-exempt confidential employees to \$15.24 per pay period per certificate or license with a maximum of three (3) certificates and/or licenses.

- c) Insurance
 - Conduct discussions to consider establishment of Health Retirement Account (HRA) for employees.

PASSED AND ADOPTED at a regular meeting of the Board of Directors held September 25, 2019.

David John Shawver
Board Chairman

ATTEST:

Kelly A. Lore, MMC
Clerk of the Board

STATE OF CALIFORNIA)
) ss
COUNTY OF ORANGE)

I, Kelly A. Lore, Clerk of the Board of Directors of the Orange County Sanitation District, do hereby certify that the foregoing Resolution No. OCSD 19-16 was passed and adopted at a regular meeting of said Board on the 25th day of September 2019, by the following vote, to wit:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Orange County Sanitation District this 25th day of September 2019.

Kelly A. Lore, MMC
Clerk of the Board of Directors
Orange County Sanitation District

**Orange County Sanitation District
Classification and Compensation Plan
Rates Effective July 6, 2018**

CONFIDENTIAL GROUP

Classification	Pay Grade	STEP	STEP	STEP	STEP	STEP
		1	2	3	4	5
Human Resources Supervisor	CON90	\$ 61.88	\$ 64.99	\$ 68.21	\$ 71.62	\$ 75.22
		\$ 128,710.40	\$ 135,179.20	\$ 141,876.80	\$ 148,969.60	\$ 156,457.60
Clerk of the Board	CON84	\$ 53.34	\$ 56.01	\$ 58.81	\$ 61.75	\$ 64.84
Principal Human Resources Analyst	CON84	\$ 110,947.20	\$ 116,500.80	\$ 122,324.80	\$ 128,440.00	\$ 134,867.20
Senior Human Resources Analyst	CON76	\$ 43.82	\$ 45.96	\$ 48.27	\$ 50.69	\$ 53.22
		\$ 91,145.60	\$ 95,596.80	\$ 100,401.60	\$ 105,435.20	\$ 110,697.60
Assistant Clerk of the Board	CON73	\$ 40.65	\$ 42.69	\$ 44.82	\$ 47.06	\$ 49.42
Secretary to the General Manager	CON73	\$ 84,552.00	\$ 88,795.20	\$ 93,225.60	\$ 97,884.80	\$ 102,793.60
Human Resources Analyst	CON70	\$ 37.76	\$ 39.65	\$ 41.64	\$ 43.73	\$ 45.91
		\$ 78,540.80	\$ 82,472.00	\$ 86,611.20	\$ 90,958.40	\$ 95,492.80
Human Resources Assistant	CON67	\$ 36.47	\$ 38.29	\$ 40.21	\$ 42.21	\$ 44.32
		\$ 75,857.60	\$ 79,643.20	\$ 83,636.80	\$ 87,796.80	\$ 92,185.60

**Orange County Sanitation District
Classification and Compensation Plan**

FY 2019-20 (Year One)

PROPOSED Rates for July 2019

CONFIDENTIAL GROUP

Classification	Pay Grade	STEP	STEP	STEP	STEP	STEP
		1	2	3	4	5

Human Resources Supervisor	CON90	\$ 63.74	\$ 66.94	\$ 70.26	\$ 73.77	\$ 77.48
		\$132,579.20	\$139,235.20	\$146,140.80	\$153,441.60	\$161,158.40

Clerk of the Board	CON84	\$ 54.94	\$ 57.69	\$ 60.57	\$ 63.60	\$ 66.79
Principal Human Resources Analyst	CON84	\$114,275.20	\$119,995.20	\$125,985.60	\$132,288.00	\$138,923.20

Senior Human Resources Analyst	CON76	\$ 45.13	\$ 47.34	\$ 49.72	\$ 52.21	\$ 54.82
		\$ 93,870.40	\$ 98,467.20	\$103,417.60	\$108,596.80	\$114,025.60

Assistant Clerk of the Board	CON73	\$ 41.87	\$ 43.97	\$ 46.16	\$ 48.47	\$ 50.90
Secretary to the General Manager	CON73	\$ 87,089.60	\$ 91,457.60	\$ 96,012.80	\$100,817.60	\$105,872.00

Human Resources Analyst	CON70	\$ 38.89	\$ 40.84	\$ 42.89	\$ 45.04	\$ 47.29
		\$ 80,891.20	\$ 84,947.20	\$ 89,211.20	\$ 93,683.20	\$ 98,363.20

Human Resources Assistant	CON67	\$ 37.56	\$ 39.44	\$ 41.42	\$ 43.48	\$ 45.65
		\$ 78,124.80	\$ 82,035.20	\$ 86,153.60	\$ 90,438.40	\$ 94,952.00

FY 2020-21 (Year Two)

PROPOSED Rates for July 2020

CONFIDENTIAL GROUP

Classification	Pay Grade	STEP	STEP	STEP	STEP	STEP
		1	2	3	4	5

Human Resources Supervisor	CON90	\$ 65.65	\$ 68.95	\$ 72.37	\$ 75.98	\$ 79.80
		\$136,552.00	\$143,416.00	\$150,529.60	\$158,038.40	\$165,984.00

Clerk of the Board	CON84	\$ 56.59	\$ 59.42	\$ 62.39	\$ 65.51	\$ 68.79
Principal Human Resources Analyst	CON84	\$117,707.20	\$123,593.60	\$129,771.20	\$136,260.80	\$143,083.20

Senior Human Resources Analyst	CON76	\$ 46.48	\$ 48.76	\$ 51.21	\$ 53.78	\$ 56.46
		\$ 96,678.40	\$101,420.80	\$106,516.80	\$111,862.40	\$117,436.80

Assistant Clerk of the Board	CON73	\$ 43.13	\$ 45.29	\$ 47.54	\$ 49.92	\$ 52.43
Secretary to the General Manager	CON73	\$ 89,710.40	\$ 94,203.20	\$ 98,883.20	\$103,833.60	\$109,054.40

Human Resources Analyst	CON70	\$ 40.06	\$ 42.07	\$ 44.18	\$ 46.39	\$ 48.71
		\$ 83,324.80	\$ 87,505.60	\$ 91,894.40	\$ 96,491.20	\$101,316.80

Human Resources Assistant	CON67	\$ 38.69	\$ 40.62	\$ 42.66	\$ 44.78	\$ 47.02
		\$ 80,475.20	\$ 84,489.60	\$ 88,732.80	\$ 93,142.40	\$ 97,801.60

**Orange County Sanitation District
Classification and Compensation Plan**

FY 2021-22 (Year Three)

PROPOSED Rates for July 2021

CONFIDENTIAL GROUP

Classification	Pay Grade	STEP	STEP	STEP	STEP	STEP
		1	2	3	4	5

Human Resources Supervisor	CON90	\$ 67.62	\$ 71.02	\$ 74.54	\$ 78.26	\$ 82.19
		\$140,649.60	\$147,721.60	\$155,043.20	\$162,780.80	\$170,955.20

Clerk of the Board	CON84	\$ 58.29	\$ 61.20	\$ 64.26	\$ 67.48	\$ 70.85
Principal Human Resources Analyst	CON84	\$121,243.20	\$127,296.00	\$133,660.80	\$140,358.40	\$147,368.00

Senior Human Resources Analyst	CON76	\$ 47.87	\$ 50.22	\$ 52.75	\$ 55.39	\$ 58.15
		\$ 99,569.60	\$104,457.60	\$109,720.00	\$115,211.20	\$120,952.00

Assistant Clerk of the Board	CON73	\$ 44.42	\$ 46.65	\$ 48.97	\$ 51.42	\$ 54.00
Secretary to the General Manager	CON73	\$ 92,393.60	\$ 97,032.00	\$101,857.60	\$106,953.60	\$112,320.00

Human Resources Analyst	CON70	\$ 41.26	\$ 43.33	\$ 45.51	\$ 47.78	\$ 50.17
		\$ 85,820.80	\$ 90,126.40	\$ 94,660.80	\$ 99,382.40	\$104,353.60

Human Resources Assistant	CON67	\$ 39.85	\$ 41.84	\$ 43.94	\$ 46.12	\$ 48.43
		\$ 82,888.00	\$ 87,027.20	\$ 91,395.20	\$ 95,929.60	\$100,734.40