



# STEERING COMMITTEE

## Agenda Report

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**File #:** 2021-1900

**Agenda Date:** 10/27/2021

**Agenda Item No:** 3.

**FROM:** James D. Herberg, General Manager

**SUBJECT:**

### **SUCCESSION MANAGEMENT - EXECUTIVE MANAGEMENT TEAM**

#### **GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION: Recommend to the Board of Directors to:

Authorize recruitment and selection for the vacant Director of Operations and Maintenance position.

#### **BACKGROUND**

Orange County Sanitation District's (OC San) present organizational structure was put in place in 2018 in anticipation of the retirement of the Assistant General Manager (AGM) after 20 years with the agency.

The approved structure included a second AGM position with responsibility for the Operations and Maintenance (O&M) and Engineering Departments. One of the existing department heads, Rob Thompson, was appointed to the new AGM role while retaining responsibilities as Director of O&M. The Director of Finance and Administrative Services (F&A), Lorenzo Tyner, was appointed to the vacant position created by the AGM's retirement, retaining his duties as Director of F&A and providing oversight to the Environmental Services Department. These changes resulted in a vacant Department Head position that has remained unfilled.

While none of the Executive Management Team (EMT) have set a retirement date, a majority of the EMT are eligible for retirement, including the General Manager (GM), with 29 years of service.

The GM is recommending filling the vacant Director of O & M position in anticipation of pending retirements and to align our structure with OC San's initiatives and challenges. With retirements expected among the EMT, the opportunity to streamline the EMT structure can be addressed in the next one (1) to three (3) years.

#### **RELEVANT STANDARDS**

- Maintain a culture of improving efficiency to reduce the cost to provide the current service level or standard
- Plan for and execute succession, minimizing vacant position times

## **PROBLEM**

With the majority of the EMT eligible for retirement, OC San is faced with a potential loss of leadership continuity in the next 1 to 3 years. In addition to the EMT, most of OC San's managers reporting to the EMT will be eligible to retire within three years.

OC San is currently carrying out major projects and initiatives focused on infrastructure maintenance, resource recovery, and operational resiliency. Successful completion of these efforts will require continuity of leadership at the executive management level, particularly in O&M due to the complexity and interrelated nature of the work.

## **PROPOSED SOLUTION**

Staff has evaluated OC San's organizational structure in anticipation of retirements from the EMT and recommends filling the vacant Director of O&M position as an initial step to ensure organizational stability. Filling the Director of O&M position will relieve the AGM of O&M department head duties. This will allow more focus on the Engineering Department's Capital Improvement Program which is doubling over the next two years, and the program's resultant impacts on O&M.

## **TIMING CONCERNS**

Most of the EMT are currently eligible to retire, with about half expected to announce their retirement in the next 1 to 3 years.

## **RAMIFICATIONS OF NOT TAKING ACTION**

OC San would miss the opportunity to strengthen our management structure in advance of expected leadership attrition, which will necessitate a more reactive stance with risk of project delays, infrastructure or operational problems, and other inefficiencies.

## **PRIOR COMMITTEE/BOARD ACTIONS**

January 2018 - Board approved creation of a second AGM position with responsibility for the O&M and Engineering Departments, and appointment of one of the existing department heads to assume these additional responsibilities; and approved appointment of one of the existing department heads to the existing AGM position, overseeing the Finance & Administrative Services and Environmental Services Departments, upon the retirement of the existing AGM.

## **ADDITIONAL INFORMATION**

OC San will have more flexibility to streamline the organization should the GM and/or one of the AGMs retire in the next 1 to 3 years. There are multiple options for streamlining the organization depending on the timing of individual retirements.

When the second AGM position was created in 2018, OC San eliminated/held open the Director of O&M and Director of Finance positions. This agenda item recommends filling the Director O&M position. In the upcoming budget process, staff will consider recommending that the Director of Finance position be added to the budget as well.

**CEQA**

N/A

**FINANCIAL CONSIDERATIONS**

This request complies with authority levels of OC San's Purchasing Ordinance. The Director of O & M position is included in the approved FY 2021-22 budget update. No change to the budget is required for the recommended action.

**ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

N/A