



STEERING COMMITTEE

Agenda Report

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File #: 2024-3765

Agenda Date: 8/28/2024

Agenda Item No: 7.

FROM: Ryan P. Gallagher, Board Chairman

SUBJECT:

GENERAL MANAGER’S COMPENSATION AND BENEFITS

BOARD CHAIR’S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

Adopt Resolution No. OC SAN 24-10 entitled: “A Resolution of the Board of Directors of the Orange County Sanitation District approving a salary increase and salary range adjustment for the General Manager for Fiscal Year 2024/2025.” The increase consists of a salary range adjustment and corresponding salary increase of 7.3%, effective in the first pay period of July 2024.

BACKGROUND

The General Manager of the Orange County Sanitation District (OC San) 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 Employment Agreement, “OC San’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.” As part of the process, the Steering Committee also reviews the General Manager’s compensation and benefits provided and makes its recommendation(s) to the Board concerning any adjustments to be effective in July of the year of the review.

The Steering Committee reviewed the General Manager’s job performance for Fiscal Year 2023/2024 in closed session in June and July 2024 and recommends that the Board approve the proposed salary increase. The proposed salary increase will achieve the Board’s target of 75th percentile for the overall market position and establish a salary for the General Manager that is competitive and supports retention.

RELEVANT STANDARDS

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

PROBLEM

Based on July 2024 market data collected for salary and total compensation (salary + benefits), the General Manager's current salary market position is at the 55th percentile, which is significantly below the Board's targeted 75th percentile for overall market position.

Additionally, Board-approved Fiscal Year 2024/2025 salary increases for OC San's Executive Management took effect in July 2024. With these increases, the General Manager's salary currently is just 5.8% above his highest paid direct report, thereby resulting in salary compaction.

PROPOSED SOLUTION

Approve the proposed salary range adjustment and corresponding salary increase of 7.3% for FY 2024/2025 for the General Manager through Resolution No. OC SAN 24-XX. The recommended salary increase would achieve the targeted 75th percentile and address the salary compaction occurring with the General Manager's highest paid direct report.

TIMING CONCERNS

The Steering Committee conducted the annual review and evaluation of the General Manager's performance for FY 2023/2024 and is recommending changes to compensation based on salary market data and for retention. In accordance with the General Manager's At-Will Employment Agreement, the Board makes the final determination on the compensation payable to the General Manager, which shall become effective retroactively to the first pay period in July of the year of the review.

RAMIFICATIONS OF NOT TAKING ACTION

Not taking action as proposed may result in a missed opportunity to recognize good performance, support retention of highly skilled and experienced staff, and address salary compaction issues.

PRIOR COMMITTEE/BOARD ACTIONS

June & July 2024 - Steering Committee reviewed the General Manager's performance evaluation in closed session.

July 2024 - Board of Directors reviewed the General Manager's performance evaluation in closed session.

August 2023 - Board of Directors adopted Resolution No. OC SAN 23-17 approving a salary increase and salary range adjustment for the General Manager for Fiscal Year 2023/2024.

ADDITIONAL INFORMATION

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

- Identified critical assets and criteria for the Asset Management Plan and developed an approach to update the design scope of work template
- Prepared an Energy and Digester Gas Master Plan
- Completed preparing the test site and permitting for the pilot program on supercritical water oxidation and implemented an outreach strategy for the project
- Assessed encroachment permit procedures and processes and recommended complying with each agency's individual requirements in lieu of a standardized process
- Completed a pretreatment management audit and updated member agencies on findings, which resulted in no requirement for them to make changes to the waste discharge and pretreatment requirement ordinance in FY 2023-2024
- Finalized seismic vulnerabilities planning study scope of work and issued request for proposal
- Completed initial chemical and toxicological evaluation to research and characterize changes in the final effluent following completion of GWRS
- Developed three (3) viable pathways for fleet replacement that incorporate anticipated future regulations and compliance requirements
- Provided draft project MOU to OC Waste & Recycling for food waste processing facility
- Expanded on coordination opportunities with Irvine Ranch Water District in anticipation of agreements expiring in 2026
- Worked with other agencies to develop a list of locations for additional dry weather urban runoff diversions
- Developed outreach toolkit for member agencies to educate, inform, and reduce impacts affecting the local and regional sewer system
- Continued to ensure ongoing adaptability, sustainability, and diversity within the biosolids management program by refreshing short- and long-term hauling of biosolids
- Continued to perform outreach and coordination with representatives to ensure unobstructed access with our easements
- Developed and conducted earthquake emergency response drill, including evacuation of buildings, assembly and accountability of employees
- Aligned the GM's goals with the Board's policy direction and priorities through the strategic planning process, with 19 of 21 items completed this fiscal year and two (2) carried over to next fiscal year

CEQA

N/A

FINANCIAL CONSIDERATIONS

The annual cost of the proposed salary change is approximately \$26,208. The funds for the additional compensation are included in OC San's operational budget.

ATTACHMENT

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

- Resolution No. OC SAN 24-10
- General Manager Salary Schedules (Current & Proposed)
- At-Will Employment Agreement, Robert C. Thompson (eff. 7/1/24)