

Agenda Report

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FROM: Chad P. Wanke, Board Chairman
Originator: Celia Chandler, Director of Human Resources

SUBJECT:

APPOINTMENT OF ROBERT C. THOMPSON TO THE POSITION OF GENERAL MANAGER, APPROVAL OF AN AT-WILL EMPLOYMENT AGREEMENT ON BEHALF OF THE BOARD OF DIRECTORS WITH GENERAL MANAGER ROBERT C. THOMPSON, AND AUTHORIZATION OF THE BOARD CHAIRMAN TO EXECUTE THE AT-WILL EMPLOYMENT AGREEMENT

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

- A. Adopt Resolution No. OC SAN 23-04, entitled "A Resolution of the Board of Directors Appointing Robert C. Thompson to the Position of General Manager for the Orange County Sanitation District and Authorizing the Chair of the Board of Directors to Enter into an At-Will Employment Agreement Effective February 10, 2023";
- B. Approve the At-Will Agreement, attached hereto, with Mr. Thompson specifying terms and conditions of employment for General Manager services beginning February 10, 2023; and
- C. Authorize the Board Chairman to execute the At-Will Employment Agreement, attached hereto.

BACKGROUND

On August 9, 2022, General Manager James D. Herberg submitted a letter of intent to retire from Orange County Sanitation District (OC San) on February 9, 2023. Upon receipt of the notice, the Board Chairman formed a General Manager Recruitment Ad Hoc Committee ("Committee") consisting of: Board Chairman Wanke, Board Vice-Chairman Gallagher, Operations Committee Chairman Brooke Jones, Administration Committee Chairman Glenn Parker, Operations Committee Vice-Chairman Marshall Goodman, and Directors John Withers and Don Wagner.

The Committee was tasked with selecting a recruitment method, generating experience requirements, developing a list of questions for applicants, developing a proposal for recruiting firms, reviewing proposals from recruiting firms, selecting the recruiting firm, managing the nationwide search and recruitment process, interviewing candidates, and making the final recommendation to the Board of Directors for approval.

The Committee received responses from several firms and selected Alliance Resource Consulting to facilitate the recruitment. A nationwide search was performed, and applications were received from

candidates all over the country. After the application period closed, the original list of applicants was reviewed and filtered down to fourteen (14) of the most highly qualified. Those fourteen applications were then closely reviewed by the Committee. Upon review, it was clear that there were five (5) excellent candidates who were each individually interviewed by the Committee. After the interviews, the Board Chairman and Vice-Chairman held final interviews and recommended Rob Thompson to the full Committee. As a result of this competitive recruitment and selection process, the Committee approved recommending Mr. Thompson to the Board of Directors for approval as the new General Manager of OC San.

Mr. Thompson currently serves as one of OC San's Assistant General Managers, and the Board unanimously approved his appointment on December 15, 2022.

Mr. Thompson has agreed to serve as General Manager beginning February 10, 2023, pending adoption of the Board Resolution and approval of the At-Will Employment Agreement, which are attached.

RELEVANT STANDARDS

- Plan for and execute succession, minimizing vacant position times
- Offer competitive compensation and benefits
- Maintain positive employer-employee relations
- Comply with OC San Policy 1.4, Recruitment and Selection

PROBLEM

OC San's current General Manager will retire on February 9, 2023.

PROPOSED SOLUTION

Approve the appointment of Mr. Thompson to the position of General Manager, effective February 10, 2023. Approve and authorize the Board Chairman to execute the proposed At-Will Employment Agreement.

TIMING CONCERNS

Approving the appointment of a new General Manager will support a smooth transition and provide continuity of leadership in this critical role.

RAMIFICATIONS OF NOT TAKING ACTION

The Board and Executive Management Team rely on the General Manager as the administrative head of OC San. Agency operations could be impacted if the position were vacant for any length of time.

PRIOR COMMITTEE/BOARD ACTIONS

September - December 2022 - GM Recruitment Ad Hoc Committee met seven times to select and recommend the new General Manager. Two additional Committee members were added during this timeframe in anticipation of changes to the composition of OC San's Board as a result of the November 2022 election.

August 2022 - Steering Committee created and appointed an Ad Hoc Committee of the Board of Directors consisting of five (5) members regarding General Manager Recruitment.

March 2018 - Robert C. Thompson promoted to Assistant General Manager for OC San's Operations & Maintenance and Engineering Departments.

September 2012 - Board of Directors appointed James D. Herberg as OC San's General Manager, effective April 1, 2013.

ADDITIONAL INFORMATION

The General Manager is the administrative head of OC San and provides organizational leadership, strategic direction, and administrative oversight for the agency. OC San has two (2) Assistant General Managers with different department assignments, as approved by the Board of Directors in mid-2010 under OC San's 2012 Reorganization Plan and updated in February 2018 with the appointment of the current incumbents. This organizational structure has supported succession management for the critical leadership role of General Manager.

Mr. Thompson is prepared to continue leading OC San in a direction of innovation and progress. He has been with OC San for 27 years. He knows the history of the agency, understands its future, and is extremely knowledgeable in the critical areas of OC San to continue down a path of success.

The proposed At-Will Agreement with Mr. Thompson, which is included herein as an attachment, specifies a proposed annual base salary of \$330,907, which is within the set salary range for the General Manager classification. This proposed annual base salary is a 5.0% increase from Mr. Thompson's current salary of \$315,140 as Assistant General Manager for the Operations & Maintenance and Engineering Departments and is consistent with OC San policy regarding promotional increases. It is 5.0% higher than the next highest paid subordinate's salary.

OC San's salary and benefits package is important for retention of key talent at the executive level. The new General Manager's compensation and benefits package will include the following items: annual base salary of \$330,907; investment incentive salary (6% plus \$1,250 annual); life insurance (3 times salary); automobile allowance (\$8,400 annual); deferred compensation contribution (\$11,000 annual); medical allowance (\$6,000 annual); and the standard organizational benefits all employees receive, which include medical insurance, dental insurance, vision insurance, disability insurance, paid leave, and the required employer's contribution of Mr. Thompson's required contribution towards membership in OCERS consistent with pension Plan H, which includes full payment of the Employer Paid Medica Contribution.

CEQA

N/A

FINANCIAL CONSIDERATIONS

The funds for the compensation and benefit package of the General Manager are derived from the OC San Operating Budget and have been included in the FY 2022-23 and 2023-24 adopted budgets.

ATTACHMENT

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

- Proposed Resolution No. OC SAN 23-04
- Proposed At-Will Employment Agreement
- General Manager Salary Schedule (Current)