



Agenda Report

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FROM: Chad P. Wanke, Board Chairman

SUBJECT:

GENERAL MANAGER'S COMPENSATION AND BENEFITS

BOARD CHAIRMAN'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

Adopt Resolution No. OC SAN 23-17 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 2023/2024." The increase consists of a salary range adjustment and corresponding salary increase of 8.5%, effective in the first pay period of July 2023.

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. The General Manager has been serving in this capacity as of February 10, 2023.

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." 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 2022/2023 in closed session in June and July 2023 and recommends that the Board approve the proposed salary increase. The proposed salary increase will achieve the Board's target of 75th percentile for 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 2023 market data collected for salary and total compensation (salary + benefits), the General Manager's current salary market position is at the 55th percentile, and the 63rd percentile for total compensation, which is significantly below the Board's targeted 75th percentile for overall market position.

Additionally, Board-approved Fiscal Year 2023/2024 salary increases for OC San's Executive Management took effect in July 2023. With these increases, the General Manager's salary currently is just 1.0% above his highest paid direct report, thereby resulting in salary compaction.

PROPOSED SOLUTION

Approve the proposed salary range adjustment and corresponding salary increase of 8.5% for FY 2023/2024 for the General Manager through Resolution No. OC SAN 23-17. 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 2022/2023 and is recommending changes to compensation based on salary market data and for retention. In accordance with the General Manager's At-Will 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 2023 - Steering Committee and Board of Directors (July only) reviewed the General Manager's performance evaluation in Closed Session.

January 2023 - Board of Directors adopted Resolution No. OC SAN 23-04 appointing Robert C. Thompson to the position of General Manager for OC San.

ADDITIONAL INFORMATION

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

- Continuing to operate at a high level of organizational performance during the transition from COVID-19 pandemic toward normal operations
- Performed a comprehensive rate study for establishment of a new five-year rate program

- Completed its tenth consecutive year with no violations of the NPDES Permit
- Created and adopted an annual Asset Management Plan for the collection system, treatment plants, and upcoming maintenance or capital projects
- Completed final expansion of the GWRS
- Initiated preparation for startup of a pilot program on supercritical water oxidation
- Implemented remote warehousing at Plant No. 2 to streamline operations and provide space for construction of new digesters
- Analyzed consolidated interagency agreements for wastewater service and developed a path forward
- Partnered with local water and wastewater agencies to standardize food waste treatment options, expand water quality improvement opportunities, and plan for upcoming expiration of the GAP II agreement
- Developed an outreach program for member agencies regarding inflow and infiltration, FOG, and saltwater issues
- Implemented an award program to recognize industrial dischargers, with 37 businesses recognized in the inaugural class
- Prepared a Fleet Management Strategy that incorporates anticipated future regulations and compliance requirements
- Aligned the GM's goals with the Board's policy direction and priorities through the strategic planning process, with 14 of 17 items completed this fiscal year and three (3) carried over to next fiscal year

CEQA

N/A

FINANCIAL CONSIDERATIONS

The annual cost of the proposed salary change is approximately \$28,121.60. 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 23-17
- General Manager Salary Schedule (Proposed FY 2023/2024)
- At-Will Employment Agreement, Robert C. Thompson effective 7/1/2023