

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

June 8, 1992

*To:* Board of Directors  
*From:* Chairman, Organization and Personnel Committee  
*Subject:* Salary and Compensation Adjustments for Department Managers

### Report

Pursuant to Administrative Code Section 6208(b), flat rate salaries for department managers shall be fixed by the District's Board of Directors. Each June, the Special Committee on Department Head Compensation is required by Administrative Code Section 2561 to make a recommendation to the Organization and Personnel Committee concerning the salary and other compensation to be provided to Metropolitan's three department managers: General Manager, General Counsel, and Auditor. The Organization and Personnel Committee, in turn, annually recommends to the Board changes in salary and compensation for the department managers to take effect at the start of the payroll period beginning nearest to July 1. Changes in salaries and other compensation for department managers authorized by Section 6208(b) include consideration of annual merit increases. After several meetings to discuss this matter, the Special Committee on Department Head Compensation met on May 29, 1992 and developed a recommendation for the Organization and Personnel Committee's consideration. Members of the Special Committee are: A. Macneil Stelle (Chairman), Lois B. Krieger, Charles D. Barker, Doyle F. Boen, Francesca Krauel, Ida Frances Lowry, Michael D. Madigan, and M. Roy Knauft, Jr.

The Special Committee's recommendation was based on special survey data of selected organizations; analysis of each department manager's goals and objectives; and consideration of interviews with each department manager to evaluate their performance during the past year. The committee concluded that the performance of all three individuals range from competent to outstanding.

The Special Committee recommended that the salary at this time for the three department managers remain unchanged. However, based on the analysis of data provided to the Special

Committee on Department Head Compensation, when examining total compensation, an adjustment in the benefits provided the General Manager and the General Counsel relating to Life Insurance was required. The Committee, therefore, recommended that a group or individual universal life insurance policy be purchased as soon as practicable on behalf of these two employees (recommendation on behalf of the Auditor will be delayed). The policy shall provide for at least \$150,000 term life insurance with a cash-out value. The premium for the policy shall be paid by the District in equal increments for a period of five years.

Administrative Code Section 6500 will continue to reflect the unmodified annual flat rate salaries recommended for the department managers. Administrative Code Section 6525 (Attachment A) reflects the Committee's recommendation on life insurance. The revisions to Section 6525 are shown by strikeover and underscore in Attachment B.

In its meeting on May 8, 1992, the Organization and Personnel Committee approved the Special Committee's recommendations for submission to the Board of Directors.

This action is exempt from provisions of the California Environmental Quality Act, because it can have no possible effect on the environment.

Recommendations

1. That effective June 21, 1992, the flat rate annual salary for each department manager be as set forth below, and that all fringe benefits available to other employees be made available to the department managers:

General Manager	--	\$189,000
General Counsel	--	\$149,100
Auditor	--	\$100,275

2. That effective June 21, 1992, Section 6525 of the Administrative Code be amended to include the additional life insurance benefits for the General Manager and General Counsel as reflected in Attachment A.

  
A. Macheil Stelle

## ATTACHMENT A

## NEW ADMINISTRATIVE CODE LANGUAGE

## §6525 Life Insurance

- A. All employees in classifications listed in Section 6500 will be provided with District-paid term life insurance affording coverage in an amount equal to 2,088 times the employee's hourly rate rounded off to the next higher thousand dollars, with employees having the option at their own expense to obtain additional coverage.
  
- B. In addition to the life insurance provided by Section A, the General Manager and General Counsel holding office as of June 21, 1992 will each be provided with a District-paid universal life insurance policy for \$150,000 term life insurance with a cash-out value. The premiums for such insurance shall be paid by the District in equal increments for a period of five (5) years.

## ATTACHMENT B

## CHANGE TO ADMINISTRATIVE CODE

## §6525 Life Insurance

- A. All employees in classifications listed in Section 6500 will be provided with District-paid term life insurance affording coverage in an amount equal to 2,088 times the employee's hourly rate rounded off to the next higher thousand dollars, with employees having the option at their own expense to obtain additional coverage.
- B. In addition to the life insurance provided by Section A, the General Manager and General Counsel holding office as of June 21, 1992 will each be provided with a District-paid universal life insurance policy for \$150,000 term life insurance with a cash-out value. The premiums for each insurance shall be paid by the District in equal increments for a period of five (5) years.