

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

November 24, 1993

To: Board of Directors (Executive Committee--Action)
From: Auditor
Subject: Auditor's Compensation and Performance Evaluations

Report

At a meeting yesterday, the Special Audit Committee discussed the compensation levels of the Auditor and Assistant Auditor. The committee considered the length of time (2-1/2 years) since the last salary adjustments for these two individuals and compared their salaries with the current pay grade levels of the District's other unrepresented management employees as shown on the salary structure schedule at Attachment A. During its deliberations, the committee also considered the professional designation and other requirements for the positions of Auditor and Assistant Auditor, as well as the experience and qualifications of the incumbents.

After discussion, the Special Audit Committee unanimously recommended that the annual salary of the Auditor, a department head, be increased, effective November 23, 1993, to a flat rate amount of \$115,000 from its current flat rate level of \$100,275. The committee also recommended a salary grade increase for the Assistant Auditor. That recommendation is contained in a separate letter to the Board's Organization and Personnel Committee pursuant to that committee's responsibility for wage matters for all employees other than department heads.

In addition to the Auditor's compensation, the Special Audit Committee also discussed the subject of performance appraisals for department heads. It was noted that the Executive Committee was assigned the annual responsibility for such evaluations when the Special Committee on Department Head Compensation was dissolved earlier this year and that, to date, such evaluations have not occurred. The Special Audit Committee felt that it should have input into the performance appraisal process for the Auditor due to its oversight responsibility regarding the work of the Auditor and his department. Accordingly, the committee further

recommended that a process be established so that its input could be included in performance evaluations of the Auditor by the Executive Committee. A proposed amendment to Section 2561 of the Administrative Code which would accomplish this objective is presented at Attachment B to this letter.

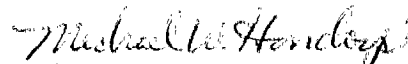
Board Committee Assignment

This letter is referred to the Executive Committee for action because of its responsibility to evaluate the District's department heads and to recommend their salaries and other compensation pursuant to Section 2417(1)(5) of the Administrative Code.

Recommendation

It is recommended that the Board of Directors approve the following recommendations of the Special Audit Committee:

1. That the annual salary of the Auditor be established at a flat rate amount of \$115,000, effective November 23, 1993, and that Section 6500 of the Administrative Code be amended to reflect this new salary rate.
2. That Administrative Code Section 2561 be amended, as outlined in Attachment B to this letter, to establish a process to provide Special Audit Committee input to the Executive Committee concerning the Auditor's performance evaluations.


Michael W. Hondorp

MWH:lo

Attachments

DISCUSSION OF AUDITOR'S AND ASSISTANT AUDITOR'S COMPENSATION

DISTRICT UPPER MANAGEMENT AND PROFESSIONAL STAFF SALARY STRUCTURE (As of September 30, 1993)

GRADE	POSITION TITLE	TOP-OF-GRADE SALARY (to Scale)	MOST RECENT SALARY ADJUSTMENT		
FR	GENERAL MANAGER	\$175,000	1991	1992	1993 7-8-93
80	ASSISTANT GENERAL MANAGER (3)	\$147,350	6-23-91		
FR	GENERAL COUNSEL	\$140,000			4-19-93
76	ASSISTANT GENERAL COUNSEL	\$132,254	6-23-91		
74	CHIEF ENGINEER	\$129,727		6-21-92	
74	DIRECTOR OF FINANCE	\$129,727		6-21-92	
74	CHIEF OF OPERATIONS	\$129,727		8-21-92	
71	SR DEPUTY GENERAL COUNSEL (3)	\$123,630			9-12-93
71	LEGISLATIVE REPRESENTATIVE	\$119,559		6-21-92	
71	EXECUTIVE ASSISTANT TO THE GENERAL MANAGER	\$119,559		6-21-92	
68	DEPUTY GENERAL COUNSEL IV	\$113,984			9-12-93
68	DIRECTOR OF INFORMATION SYSTEMS	\$110,228		6-21-92	
68	DIRECTOR OF PLANNING	\$110,228		6-21-92	
68	DIRECTOR OF PUBLIC AFFAIRS	\$110,228		6-21-92	
68	DIRECTOR OF RESOURCES	\$110,228		6-21-92	
68	DIRECTOR OF WATER QUALITY	\$110,228		6-21-92	
68	DIRECTOR OF SWP & CONSERVATION	\$110,228		6-21-92	
68	DIRECTOR OF ADMINISTRATIVE SERVICES	\$110,228		6-21-92	
68	DIRECTOR OF RIGHT OF WAY AND LAND	\$110,228		6-21-92	
68	DIRECTOR OF ENVIRONMENTAL COMPLIANCE	\$110,228		6-21-92	
68	DIRECTOR OF PERSONNEL	\$110,228		6-21-92	
68	ASSISTANT CHIEF ENGINEER (2)	\$110,228		6-21-92	
68	ASSISTANT CHIEF OF OPERATIONS (2)	\$110,228		6-21-92	
68	ASSISTANT DIRECTOR OF FINANCE (2)	\$110,228		6-21-92	
68	EXECUTIVE ASSISTANT FOR STRATEGIC POLICY	\$110,228		6-21-92	
65	ASSOC DIRECTOR, SWP & CONSERVATION	\$101,708		6-21-92	
65	ASSOC DIRECTOR OF WATER QUALITY	\$101,708		6-21-92	
65	ASSOC DIRECTOR OF RESOURCES	\$101,708		6-21-92	
FR	AUDITOR	\$180,275	6-23-91		

G. Taylor's former position

Plus three grades ← 2-9-93
 ↓
 2-9-93
 ↓
 2-9-93
 ↓
 2-9-93
 ↓
 Classification Upgraded

<input type="checkbox"/>	EMPLOYEE REPRESENTATIVE
<input checked="" type="checkbox"/>	BOARD EMPLOYEE (3)
<input type="checkbox"/>	FR = Flat Rate
<input type="checkbox"/>	UNREPRESENTED EMPLOYEE
<input checked="" type="checkbox"/>	MANAGEMENT AND PROFESSIONAL EMPLOYEES ASSOCIATION

LETTER OF AUDITOR, DATED NOVEMBER 24, 1993 ATTACHMENT A



NOVEMBER 23, 1993, SPECIAL AUDIT COMMITTEE MEETING AGENDA ITEM 8:
DISCUSSION OF AUDITOR'S AND ASSISTANT AUDITOR'S COMPENSATION

DISTRICT UPPER MANAGEMENT AND PROFESSIONAL STAFF SALARY STRUCTURE (As of September 30, 1993)

GRADE	POSITION TITLE	TOP-OF-GRADE SALARY (to Scale)	MOST RECENT SALARY ADJUSTMENT		
			1991	1992	1993
64	ENGINEERING PROGRAM MANAGER (3)	\$102,375			9-12-93
64	ASST DIRECTOR OF PLANNING	\$98,992		6-21-92	
63	DEPUTY GENERAL COUNSEL III (3)	\$99,660			9-12-93
63	REGIONAL OPERATIONS MANAGER (3)	\$99,660			9-12-93
63	MANAGER, BAY DELTA AFFAIRS	\$96,361		6-21-92	
63	ASST DIRECTOR OF INFO SYSTEMS	\$96,361		6-21-92	
63	SR ASST DIRECTOR OF PUBLIC AFFAIRS	\$96,361			2-9-93
63	ASST DIRECTOR OF PERSONNEL	\$96,361			2-9-93
63	ASST DIRECTOR OF RIGHT OF WAY & LAND	\$96,361			2-9-93
63	ASST DIRECTOR OF ADMIN SERVICES	\$96,361			2-9-93
62	CONTROLLER	\$93,835			9-12-93
62	PRINCIPAL ENGINEER (15)	\$93,835			9-12-93
62	WATER PURIFICATION ENGINEER	\$93,835			9-12-93
61	TREASURER	\$91,350			9-12-93
61	WATER QUALITY LAB MANAGER	\$91,350			9-12-93
61	MANAGER, FINANCIAL SERVICES	\$91,350			9-12-93
61	PRINCIPAL ENVIRONMENTAL SPECIALIST	\$91,350			9-12-93
60	ASSISTANT AUDITOR	\$85,859		6-23-91	
59	CONTROL SYSTEMS MANAGER	\$88,533			9-12-93
58	AREA SUPERINTENDENT (8)	\$87,174			9-12-93
58	SUPERINTENDENT OF PUMP PLANTS	\$87,174			9-12-93
58	PRINCIPAL GOV'T RELATIONS REPRESENTATIVE	\$87,174			9-12-93
58	EMPLOYEE RELATIONS ADMINISTRATOR	\$87,174			9-12-93
58	EXECUTIVE SECRETARY	\$84,293		6-21-92	
57	SENIOR ENGINEER (25)	\$84,919			9-12-93
57	WATER CONSERVATION MANAGER	\$84,919			9-12-93
57	WATER QUALITY SPECIALIST	\$84,919			9-12-93
57	MANAGER OF COMMUNICATIONS	\$84,919			9-12-93
57	MANAGER, INFORMATION SYSTEMS	\$84,919			9-12-93
57	MANAGER, DATA PROCESSING	\$84,919			9-12-93
57	MANAGER OF ENVIRONMENTAL AFFAIRS	\$84,919			9-12-93
57	SYSTEM OPERATION MANAGER	\$84,919			9-12-93
57	SPECIAL PROJECTS ADMINISTRATOR	\$84,919			9-12-93

Plus one grade ←
Plus three grades
Classifications Upgraded

Asst Auditor position used to be at same level as these upgraded positions

<input type="checkbox"/>	EMPLOYEE REPRESENTATIVE
<input type="checkbox"/>	UNREPRESENTED EMPLOYEE
<input checked="" type="checkbox"/>	MANAGEMENT AND PROFESSIONAL EMPLOYEES ASSOCIATION
<input checked="" type="checkbox"/>	ASSOCIATION OF CONFIDENTIAL EMPLOYEES

LETTER OF AUDITOR, DATED NOVEMBER 24, 1993 ATTACHMENT A

Letter of Auditor, dated November 24, 1993

ATTACHMENT B

PROPOSED REVISION TO THE MWD ADMINISTRATIVE CODE

Add the new subparagraph (a)(5) to Section 2561 as shown below:

§ 2561. Duties and Functions.

(a) The Special Audit Committee shall study, advise, and make recommendations with regard to:

(1) All reports of the Auditor and external auditors, including the audited financial statements of the District.

(2) The Audit Department's annual work plan and annual budget.

(3) The selection of candidates for consideration by the Executive Committee to serve as the Auditor and the selection of the Assistant Auditor, as well as the external auditors or special audit consultants, and the determination of the scope of their assignments.

(4) Requests of other committees of the Board for audits and special reviews.

(5) The Auditor's performance for purposes of evaluation by the Executive Committee pursuant to Section 2417(1)(5).

(b) Except as otherwise provided in this section, the Special Audit Committee shall submit its recommendations to such committees as it deems to have an interest in the subject of the recommendations and, where it deems it to be appropriate, to the Board; and may make recommendations to the General Manager.