

- **Board of Directors**

September 10, 2002 Board Meeting

12-1

Subject

Approve Department Heads' Evaluation Process

Description

On August 26, 2002, the Department Heads' Compensation Committee discussed the evaluation process for staff reporting directly to the Board. Prior to this, Directors Castro, Foley and Chair Pace received input from various professionals regarding executive level evaluation techniques.

The Committee recommends that the Board should no longer use the existing formal process to evaluate Department Heads. Instead the respective Committee Chairs will lead each committee's evaluation of the Department Heads' performance based on accomplishments in relation to the goals listed in their previous year's business plan as approved by the Board of Directors. The business plans will also incorporate additional goals, objectives and directives established by the Board. The Chief Executive Officer (CEO) will be responsible for establishing, monitoring and reporting on benchmarks and performance measurements for the organization. The Department Heads' will report on their respective areas and the CEO will report on overall achievements for the organization.

<i>Direct Reports</i>	<i>Governing Committee</i>
Chief Executive Officer	Executive Committee
General Counsel	Legal, Claims and Personnel Committee
General Auditor	Audit Subcommittee
Ethics Officer	Subcommittee on Rules and Ethics

The Committee proposes a thorough review of the current business plans to determine whether there is a need to modify them in order to meet the Board's expectations for the next year and proceed with the new evaluation process.

See [Attachment 1](#) for flow chart of the proposed Department Head Evaluation Process.

Policy

Board request

California Environmental Quality Act (CEQA)

CEQA determination for Committee Recommendation:

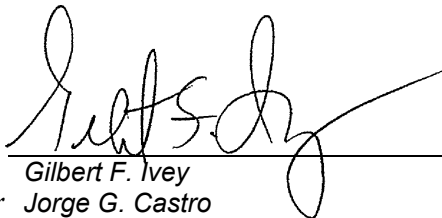
The proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as personnel-related actions, general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to CEQA pursuant to Sections 15378(b)(2) and 15061(b)(3) of the State CEQA Guidelines.

Recommendation

Adopt the CEQA determination and approve the Committee recommendation that the Board no longer use the existing formal process to evaluate Department Heads. The Committee recommends a revised process with respective committee chairs leading the evaluation and submitting a recommendation to the Executive Committee for final consideration and approval by the Board.

Fiscal Impact: None

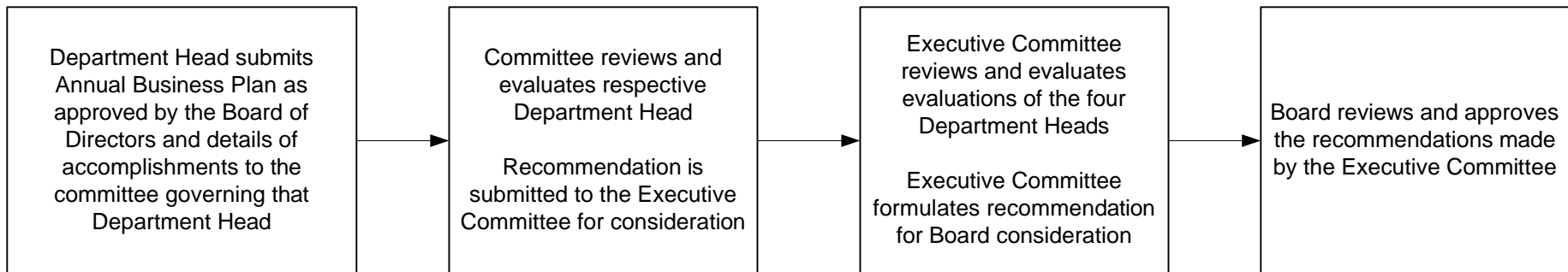


Gilbert F. Ivey *8/28/2002*
for Jorge G. Castro *Date*
Co-Chair, Department Head Compensation
Committee

Attachment 1 – Proposed Process for MWD Department Head Evaluation

BLA #1746

Proposed Process for MWD Department Head Evaluation



Direct Reports

*Chief Executive Officer
General Counsel
General Auditor
Ethics Officer*

Governing Committee

*Executive Committee
Legal, Claims and Personnel Committee
Audit Subcommittee
Subcommittee on Rules and Ethics*