

- **Board of Directors**
Executive Committee

July 8, 2003 Board Meeting

12-2

Subject

Compensation and Pay-for-Performance Recommendation for Chief Executive Officer, General Counsel, and General Auditor

Description

On June 24, 2003, the Executive Committee reviewed and recommended a performance rating compensation recommendation for the Chief Executive Officer, General Counsel and General Auditor.

In the evaluation by the Executive Committee, it was determined the Chief Executive Officer performed at an "Above Expectations" level and has earned the full support of the Board. It is the recommendation that the CEO's annual salary will remain at \$275,000 and that he be awarded a pay-for-performance payment of \$25,000 effective July 1, 2003.

The Legal, Claims and Personnel Committee recommended for the Executive Committee's review a performance rating and compensation recommendation for the General Counsel. In the evaluation by the Executive Committee, it was determined the General Counsel performed at an "Above Expectations" level and has earned the full support of the Board. It is the recommendation to award the General Counsel a new flat-rate annual salary of \$189,000 effective July 1, 2003, and a pay-for-performance payment of \$10,000 effective July 1, 2003.

The Audit Subcommittee recommended for the Executive Committee's review a performance rating and compensation recommendation for the General Auditor. In the evaluation by the Executive Committee, it was determined the General Auditor performed at an "Above Expectations" level and has earned the full support of the Board. It is the recommendation to award the General Auditor a new flat-rate annual salary of \$126,000 effective July 1, 2003, and a pay-for-performance payment of \$10,000 effective July 1, 2003.

At this time the Board may approve, reject, or modify the Executive Committee's recommendation.

Policy

Direct Reports Evaluation and Compensation

Board Options/Fiscal Impacts

Option #1

Approve as recommended by Executive Committee

Fiscal Impact: \$15,000 annually in salary increases and \$45,000 pay-for-performance payments

Option #2

Modify recommendation of Executive Committee

Fiscal Impact: Unknown


Option #3

Reject recommendation of Executive Committee

Fiscal Impact: None

Committee Recommendation

Option #1


Phillip J. Pace
Chairman of the Board

7/8/2003
Date

Attachment 1 - Performance Rating and Compensation Recommendation - Chief Executive Officer

Attachment 2 - Performance Rating and Compensation Recommendation - General Counsel

Attachment 3 - Performance Rating and Compensation Recommendation - General Auditor



**Metropolitan Water District
Direct Reports
Performance Evaluation 2003**

June 24, 2003

Performance Rating and Compensation Recommendation

Direct Report Name:	Ronald R. Gastelum
Title:	Chief Executive Officer
Recommended Evaluation Rating:	Above Expectations
Recommended Annual Salary:	\$275,000
Recommended Pay-for Performance Payment:	\$25,000

Committee Findings

In the evaluation by the Executive Committee, it was determined that the Chief Executive Officer performed at an "Above Expectations" level and has earned the full support of the Board. It is the recommendation that the CEO's annual salary will remain at \$275,000 and that he be awarded a pay-for-performance payment of \$25,000 effective July 1, 2003.



**Metropolitan Water District
Direct Reports
Performance Evaluation 2003**

June 24, 2003

Performance Rating and Compensation Recommendation

Direct Report Name:	Jeffrey Kightlinger
Title:	General Counsel
Recommended Evaluation Rating:	Above Expectations
Recommended Annual Salary:	\$189,000
Recommended Pay-for Performance Payment:	\$10,000

Committee Findings

The Legal, Claims and Personnel Committee recommended for the Executive Committee's review a performance rating and compensation recommendation. In the evaluation by the Executive Committee, it was determined the General Counsel performed at an "Above Expectations" level and has earned the full support of the Board. It is the recommendation to award the General Counsel a new flat-rate annual salary of \$189,000 effective July 1, 2003, and a pay-for-performance payment of \$10,000 effective July 1, 2003.



**Metropolitan Water District
Direct Reports
Performance Evaluation 2003**

June 24, 2003

Performance Rating and Compensation Recommendation

Direct Report Name:	Gerald C. Riss
Title:	General Auditor
Recommended Evaluation Rating:	Above Expectations
Recommended Annual Salary:	\$126,000
Recommended Pay-for Performance Payment:	\$10,000

Committee Findings

The Audit Subcommittee recommended for the Executive Committee's review a performance rating and compensation recommendation. In the evaluation by the Executive Committee, it was determined the General Auditor performed at an "Above Expectations" level and has earned the full support of the Board. It is the recommendation to award the General Auditor a new flat-rate annual salary of \$126,000 effective July 1, 2003, and a pay-for-performance payment of \$10,000 effective July 1, 2003.