

- **Board of Directors**

August 19, 2008 Board Meeting

10-2

Subject

Compensation Recommendation for General Manager, General Counsel, General Auditor and Ethics Officer

Description

The annual performance evaluation process for the Department Heads was initiated in June with each Department Head completing a self-evaluation. The self-evaluation reports were distributed to all Board members and the Executive Committee met on July 7 and July 22 to discuss the evaluations. The Executive Committee sought a broader analysis of the Department Heads' performance, so Lloyd W. (Bill) Pellman of Nossaman LLP was engaged to develop a broader slate of information regarding management performance. At the July 22 Executive Committee meeting, with 26 Directors present, the Executive Committee, in closed session, received a report from Mr. Pellman and interviewed each of the Department Heads. The Executive Committee evaluated the performance of the General Manager, General Counsel, General Auditor, and Ethics Officer.

The Board Officers met to distill the information gathered from Directors, Department Heads and their direct reports and provided feedback to the General Manager, General Counsel, General Auditor, and Ethics Officer. The Board found each Department Head to be fully competent and providing valuable services to Metropolitan.

However, in response to the financial challenges currently facing Metropolitan, it is recommended that there be no lump-sum pay-for-performance payment at this time. It is recommended that a 3.7 percent Cost of Living Adjustment (COLA) be awarded to the direct reports consistent with the 3.7 percent COLA provided to all bargaining units per their respective MOUs effective July 1, 2008.

Therefore, the Department Heads' respective annual base salaries will be increased as follows:

General Manager:	Increase of \$9,880 to a new annual salary of \$276,900
General Counsel:	Increase of \$8,208 to a new annual salary of \$230,040
General Auditor:	Increase of \$6,270 to a new annual salary of \$175,725
Ethics Officer:	Increase of \$3,700 to a new annual salary of \$103,699

Policy

Metropolitan Water District Administrative Code Section 2413: Duties and Functions of the Executive Committee

California Environmental Quality Act (CEQA)

CEQA determination for Options #1 and #2:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves other government fiscal activities, which do not involve any commitment to any specific project, which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) 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 15378(b)(4) of the State CEQA Guidelines.

CEQA determination for Option #3:

None required

Board Options

Option #1

Adopt the CEQA determination and approve as recommended by the Executive Committee.

Fiscal Impact: \$28,057 increase in annual salaries for Department Heads.

Option #2

Adopt the CEQA determination and modify recommendation.

Option #3

Reject recommendation

Recommendation

Option #1



Timothy F. Brick
Chairman of the Board

8/19/2008
Date