



- Board of Directors
Executive Committee

10/8/2013 Board Meeting

7-1

Subject

Approve amendments to the Metropolitan Water District Administrative Code to clarify the Department Head evaluation process

Executive Summary

During recent discussions regarding the Department Head evaluation process, it was determined that clarification of the Administrative Code was needed. The changes to the Administrative Code proposed in this letter will conform the role of the Executive Committee, Legal and Claims Committee, Audit and Ethics Special Committee and Board members to reflect current practice in the Department Head evaluation process

Details

A review of the pertinent Administrative Code Sections found that the existing Code language with regard to the Department Head evaluation process (General Manager, General Counsel, General Auditor and Ethics Officer) does not conform with the current evaluation process that has been used over the last five years. The proposed amendments are set forth in **Attachment 1**, with overstrikes reflecting deletions and underlining reflecting additions. **Attachment 2** sets forth the sections as they would now appear in the Administrative Code.

Specifically, the Code currently states that each of the Executive Committee, Legal and Claims Committee and Audit and Ethics Special Committee is responsible for evaluating its respective Department Head. The Executive Committee also makes recommendations to the Board on the salary and other compensation of Department Heads.

The changes proposed provide that the Executive Committee is responsible for the annual performance evaluation process for all Department Heads. This includes submitting such results to the full Board for final review and approval.

Prior to the performance evaluation by the full Board, the role of the Legal and Claims Committee and Audit and Ethics Special Committee shall be to review and provide annual input and recommendations to the Executive Committee on their respective Department Heads (e.g., the Legal and Claims Committee would provide input and recommendations on the General Counsel and the Audit and Ethics Special Committee would provide input and recommendations for the General Auditor and Ethics Officer).

The Organization, Personnel and Technology Committee is to be responsible for the overall coordination of the evaluation process.

Finally, the proposed changes would highlight and emphasize the rights and duties of each Board Member, Committee Chair and Executive Committee Members to actively participate in the annual evaluation of Department Heads.

Policy

Metropolitan Water District Administrative Code Section 2416(d) and (e), Section 2451(i), Section 2481(h) and Section 2501(b)(2) and (b)(3)

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, 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.

Board Options

Option #1

Adopt the CEQA determination that the project is not subject to CEQA and approve amendments to the Administrative Code set forth in **Attachment 2** to reflect the changes recommended in this letter.

Fiscal Impact: None

Business Analysis: To conform to current procedure

Option #2

Adopt the CEQA determination that the project is not subject to CEQA and approve amendments to the Administrative Code set forth in **Attachment 2** to reflect the changes recommended in this letter as modified by the changes proposed by the Board.

Fiscal Impact: None

Business Analysis: To conform to current procedure

Staff Recommendation

Option #1



Fidencio M. Mares
Director of Human Resources

9/18/2013
Date

Attachment 1 – The Administrative Code of the Metropolitan Water District of Southern California (with changes marked)

Attachment 2 – The Administrative Code of the Metropolitan Water District of Southern California (clean version)

Division II**PROCEDURES PERTAINING TO BOARD, COMMITTEES
AND DIRECTORS****Chapter 4****STANDING COMMITTEES****Article 2****EXECUTIVE COMMITTEE****§ 2416. Duties and Functions.**

(d) The Executive Committee shall be responsible for the oversight of the annual performances evaluation process and activities of the General Manager, and an annual review of the compensation of the General Manager, General Counsel, General Auditor and Ethics Officer. It shall review the annual business plan containing the General Manager's key priorities for the coming year. The Executive Committee shall evaluate the performance of the General Manager, General Counsel, General Auditor and Ethics Officer and submit results to the full Board for review and approval at least annually in advance of the August Board meeting. The Organization, Personnel and Technology Committee (OP&T) will be responsible for the overall coordination of the Department Head Evaluation Program. Each member of the Board, Committee Chair and Executive Committee Member shall properly execute his or her right and duty to actively participate in the annual evaluation of each Department Head (direct report to the Board).

(e) After its review and consideration of the annual assessment of, and recommendations concerning Department Heads, including the annual input assessment and recommendations of the Legal and Claims Committee concerning the performance of the General Counsel and the Audit and Ethics Special Committee concerning the performance of the General Auditor and Ethics Officer, the Executive Committee shall make recommendations to the Board on the overall performance ratings for each Department Head as well as any salary and other compensation recommendations for ~~of~~ Department Heads in advance of the September~~August~~ Board meeting, with any changes to be effective the beginning of the pay period that includes the ~~prior as of the start of the payroll period nearest to~~ July 1.

Article 5

LEGAL AND CLAIMS COMMITTEE

§ 2451. Duties and Functions.

The Legal and Claims Committee shall study, advise and make recommendations with regard to:

- (a) Litigation and claims brought by or against the District;
- (b) Condemnation matters, when they involve settlements requiring Board approval and inverse condemnation matters;
- (c) Public liability insurance matters, including self-insurance aspects, and matters pertaining to errors and omissions insurance;
- (d) Policy considerations concerning District contracts;
- (e) The selection of candidates for consideration by the Board to serve as the General Counsel and the determination of the scope of the assignments of the General Counsel;
- (f) The selection of special counsel and the determination of the scope of their assignments;
- (g) Proposed amendments of the Metropolitan Water District Act, legislation dealing with public agencies, proposed District ordinances and the organization and contents of the Code;
- (h) Proposed legislation dealing with public agencies and proposed amendments to the Public Employees Retirement Law; and
- (i) ~~The oversight of~~ Review and recommendations on the General Counsel's overall performance and activities to the Executive Committee. It shall review and approve the business plan containing the key priorities for the coming year of the General Counsel and the Legal Department at the start of each fiscal year in advance of the July Board meeting. It shall evaluate the performance of the General Counsel at least annually in advance of the August Board meeting. The results of that evaluation shall be provided to the Executive Committee for recommendation and consideration as part of its annual review of the General Counsel's compensation.

Article 8**ORGANIZATION, PERSONNEL AND TECHNOLOGY COMMITTEE****§2481. Duties and Functions.**

The Organization, Personnel and Technology Committee shall study, advise and make recommendations with regard to:

- (a) The form of the District's organization and the flow of authority and responsibility;
- (b) Periodic independent reviews and studies of the organization, classification of positions, job duties, salaries, and salary ranges;
- (c) Relations between the District and its employees, including all matters affecting wage, hours, pension plans and other employee benefits, and other terms and conditions of employment, as well as the district's negotiation of such matters with employee bargaining units and selection of negotiators;
- (d) Areas of special concern to the District and its employees, including, but not limited to, equal employment opportunity, affirmative action, and work rules pertaining to the health and safety of employees;
- (e) Policies and rules regarding employment, discipline and discharge of District officers and employees;
- (f) Proposed amendments to the Metropolitan Water District Act and Administrative Code affecting the organization and personnel policies of the District and to the Public Employees' Retirement Law; ~~and~~
- (g) Information technology strategies, projects and activities, including information technology asset management and the budgeting and tracking of information technology resources; and
- (h) The Organization, Personnel and Technology Committee shall be responsible for the annual overall coordination of the Department Head Evaluation Program.

Chapter 5

OTHER COMMITTEES: MISCELLANEOUS COMMITTEE MATTERS

Article 1

SPECIAL COMMITTEES

§ 2501. Audit and Ethics Special Committee.

(a) The Audit and Ethics Special Committee shall hold regular meetings not less than four times a year on a quarterly basis, or as required to accomplish a specific committee objective.

(b) Duties and Functions

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

(i) All reports of the General Auditor and external auditors, including the audited financial statements of the District;

(ii) The Audit Department's annual business plan and biennial budget;

(iii) The Ethics Department's annual business plan and biennial budget;

(iv) Requests from other committees of the Board for audits and reviews not included in the Audit Department's annual business plan;

(v) The policies and procedures of Metropolitan's ethics program.

(2) The Audit and Ethics Special Committee shall be responsible for ~~oversight of review and providing recommendations on~~ the General Auditor's overall performance and activities to the Executive Committee; and, for monitoring and overseeing the duties and responsibilities of the Audit Department and the external auditors as those duties and responsibilities relate to the effectiveness of the District's internal control system. It shall review and approve the business plan containing the key priorities for the coming year of the General Auditor and the Audit Department at the start of each fiscal year in advance of the July Board meeting. ~~It shall evaluate the performance of the General Auditor at least annually in advance of the August Board meeting.~~ The results of that evaluation shall be provided to the Executive Committee for recommendation and consideration as part of its annual review of the General Auditor's compensation.

(3) The Audit and Ethics Special Committee shall be responsible for ~~oversight of review and providing recommendations on~~ the overall performance and activities of the Ethics Officer to the Executive Committee. It shall also review and approve the business plan

containing the key priorities for the coming year for the Ethics Office at the start of each fiscal year in advance of the July Board meeting. ~~It shall evaluate the performance of the Ethics Officer at least annually in advance of the August Board meeting.~~ The results of that evaluation shall be provided to the Executive Committee for recommendation and consideration as part of its annual review of the compensation of the Ethics Officer.

Division II**PROCEDURES PERTAINING TO BOARD, COMMITTEES
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(d) The Executive Committee shall be responsible for the oversight of the annual performance evaluation process and an annual review of the compensation of the General Manager, General Counsel, General Auditor and Ethics Officer. It shall review the annual business plan containing the General Manager's key priorities for the coming year. The Executive Committee shall evaluate the performance of the General Manager, General Counsel, General Auditor and Ethics Officer and submit results to the full Board for review and approval at least annually in advance of the August Board meeting. The Organization, Personnel and Technology Committee (OP&T) will be responsible for the overall coordination of the Department Head Evaluation Program. Each member of the Board, Committee Chair and Executive Committee Member shall properly execute his or her right and duty to actively participate in the annual evaluation of each Department Head (direct report to the Board).

(e) After its review and consideration of the annual assessment of, and recommendations concerning Department Heads, including the annual input and recommendations of the Legal and Claims Committee concerning the performance of the General Counsel and the Audit and Ethics Special Committee concerning the performance of the General Auditor and Ethics Officer, the Executive Committee shall make recommendations to the Board on the overall performance ratings for each Department Head as well as any salary and other compensation recommendations for Department Heads in advance of the September Board meeting, with any changes to be effective the beginning of the pay period that includes the prior July 1.

Article 5**LEGAL AND CLAIMS COMMITTEE****§ 2451. Duties and Functions.**

The Legal and Claims Committee shall study, advise and make recommendations with regard to:

- (a) Litigation and claims brought by or against the District;
- (b) Condemnation matters, when they involve settlements requiring Board approval and inverse condemnation matters;
- (c) Public liability insurance matters, including self-insurance aspects, and matters pertaining to errors and omissions insurance;
- (d) Policy considerations concerning District contracts;
- (e) The selection of candidates for consideration by the Board to serve as the General Counsel and the determination of the scope of the assignments of the General Counsel;
- (f) The selection of special counsel and the determination of the scope of their assignments;
- (g) Proposed amendments of the Metropolitan Water District Act, legislation dealing with public agencies, proposed District ordinances and the organization and contents of the Code;
- (h) Proposed legislation dealing with public agencies and proposed amendments to the Public Employees Retirement Law; and
- (i) Review and recommendations on the General Counsel's overall performance and activities to the Executive Committee. It shall review and approve the business plan containing the key priorities for the coming year of the General Counsel and the Legal Department at the start of each fiscal year in advance of the July Board meeting. The results of that evaluation shall be provided to the Executive Committee for recommendation and consideration as part of its annual review of the General Counsel's compensation.

Article 8**ORGANIZATION, PERSONNEL AND TECHNOLOGY COMMITTEE****§2481. Duties and Functions.**

The Organization, Personnel and Technology Committee shall study, advise and make recommendations with regard to:

- (a) The form of the District's organization and the flow of authority and responsibility;
- (b) Periodic independent reviews and studies of the organization, classification of positions, job duties, salaries, and salary ranges;
- (c) Relations between the District and its employees, including all matters affecting wage, hours, pension plans and other employee benefits, and other terms and conditions of employment, as well as the district's negotiation of such matters with employee bargaining units and selection of negotiators;
- (d) Areas of special concern to the District and its employees, including, but not limited to, equal employment opportunity, affirmative action, and work rules pertaining to the health and safety of employees;
- (e) Policies and rules regarding employment, discipline and discharge of District officers and employees;
- (f) Proposed amendments to the Metropolitan Water District Act and Administrative Code affecting the organization and personnel policies of the District and to the Public Employees' Retirement Law;
- (g) Information technology strategies, projects and activities, including information technology asset management and the budgeting and tracking of information technology resources; and
- (h) The Organization, Personnel and Technology Committee shall be responsible for the annual overall coordination of the Department Head Evaluation Program.

Chapter 5**OTHER COMMITTEES: MISCELLANEOUS COMMITTEE MATTERS****Article 1****SPECIAL COMMITTEES****§ 2501. Audit and Ethics Special Committee.**

(a) The Audit and Ethics Special Committee shall hold regular meetings not less than four times a year on a quarterly basis, or as required to accomplish a specific committee objective.

(b) Duties and Functions

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

(i) All reports of the General Auditor and external auditors, including the audited financial statements of the District;

(ii) The Audit Department's annual business plan and biennial budget;

(iii) The Ethics Department's annual business plan and biennial budget;

(iv) Requests from other committees of the Board for audits and reviews not included in the Audit Department's annual business plan;

(v) The policies and procedures of Metropolitan's ethics program.

(2) The Audit and Ethics Special Committee shall be responsible for review and providing recommendations on the General Auditor's overall performance and activities to the Executive Committee; and, for monitoring and overseeing the duties and responsibilities of the Audit Department and the external auditors as those duties and responsibilities relate to the effectiveness of the District's internal control system. It shall review and approve the business plan containing the key priorities for the coming year of the General Auditor and the Audit Department at the start of each fiscal year in advance of the July Board meeting. The results of that evaluation shall be provided to the Executive Committee for recommendation and consideration as part of its annual review of the General Auditor's compensation.

(3) The Audit and Ethics Special Committee shall be responsible for review and providing recommendations on the overall performance and activities of the Ethics Officer to the Executive Committee. It shall also review and approve the business plan containing the key priorities for the coming year for the Ethics Office at the start of each fiscal year in advance of the July Board meeting. The results of that evaluation shall be provided to the Executive

Committee for recommendation and consideration as part of its annual review of the compensation of the Ethics Officer.