



● **Board of Directors**  
***Organization, Personnel and Technology Committee***

6/9/2015 Board Meeting

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**7-5**

**Subject**

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Approve amendments to Metropolitan Water District Administrative Code to revise the Department Head Evaluation process and timeline

**Executive Summary**

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In response to requests by directors for a more streamlined and efficient procedure for Department Head evaluations that can be completed by August of each year, Administrative Code amendments are proposed to transfer responsibility for Department Head evaluations directly to the Board. Each Department Head would present his or her accomplishments to the Board at its July meeting, each director would then submit an evaluation of each Department Head, and the evaluation results and overall performance rating for each Department Head would be established at the Board's August meeting. Throughout the year, the home committee of each Department Head would be responsible for periodic performance discussions, including progress checks.

**Details**

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Changes to the procedure for annual Department Head performance evaluations are being proposed to shorten the process so that the evaluations can be completed by the August meeting of the Board of Directors. The current Department Head evaluation procedure has evolved over the past five years and, as elements have been added during this time, resulted in the 2014 evaluation procedure extending into November, instead of being completed as directed prior to the September meeting. Numerous directors have requested that this procedure be streamlined so this process can be completed by the end of August of each year. Directors have also requested that the home committee of each Department Head be more directly involved in discussing the progress being made by a Department Head during the year in response to the Board's evaluation, with a focus on expected results.

Under the current procedure, the home committee of the Department Head submits its evaluation of Department Head performance to the Executive Committee, with the Executive Committee presenting its recommendations to the Board of Directors prior to the September board meeting. Adopted pay rate changes are effective retroactively to the prior July 1.

The proposed changes to the Administrative Code transfer the evaluation of Department Head performance directly to the Board. For the Board's July meeting, each Department Head would provide a narrative summary and presentation to the Board concerning that person's accomplishments in performance areas deemed relevant by the Board, including, but not limited to, strategic leadership, operational leadership, board relationships and results. Each director would then submit an evaluation form for each Department Head, and the evaluation results and overall performance rating for each Department Head would be established by the Board at its August meeting. Pay rate changes would be retroactive to the prior July 1 of that year. Also, to increase the involvement of the home committees in discussing performance of the Department Heads throughout the year, the proposed changes direct these committees to engage in period performance expectations discussions, including progress checks, with their respective Department Head. The home committees (the Executive Committee for the General Manager, the Legal and Claims Committee for the General Counsel, and the Audit and Ethics Special Committee for the General Auditor and Ethics Officer) remain responsible for reviewing and approving the business plans of the Department Heads at the start of each fiscal year in advance of the July Board meeting. 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 appear in the Administrative Code.

## **Policy**

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Metropolitan Water District Administrative Code Section 2481(f): Organization, Personnel and Technology Committee (regarding amendments to the Code affecting the organization and personnel policies of the District)

## **California Environmental Quality Act (CEQA)**

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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 defined as a project and is not subject to CEQA pursuant to Sections 15378(b)(2) and 15061(b)(3) of the State CEQA Guidelines.

## **Board Options**

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### **Option #1**

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and

Approve amendments to the Administrative Code set forth in Attachments 1 and 2 to reflect the changes recommended in this letter.

**Fiscal Impact:** None

**Business Analysis:** To improve the efficiency of the Department Head evaluation process

### **Option #2**

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and

Approve amendments to the Administrative Code set forth in Attachments 1 and 2 to reflect the changes recommended in this letter as modified by the Board.

**Fiscal Impact:** None

**Business Analysis:** To improve the efficiency of the Department Head evaluation process

**Staff Recommendation**

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Option #1



Fidencio Mares  
Director of Human Resources

5/28/2015  
Date



Jeffrey Kightlinger  
General Manager

5/28/2015  
Date

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

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

Ref# hr12637464

**§ 2416. Duties and Functions. [Executive Committee]**

(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~~ing and approving the annual business plan containing the General Manager's key priorities for the coming year in conjunction with the biennial budget. ~~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. As part of the Department Head annual evaluation process, the Executive Committee shall be responsible for engaging in periodic performance expectations discussions, including progress checks, with the General Manager.~~

**§ 2451. Duties and Functions. [Legal and Claims Committee]**

(i) ~~Review and recommendations on the General Counsel's overall performance and activities to the Executive Committee. It shall review and approve t~~The Legal and Claims Committee shall be responsible for reviewing and approving the business plan containing the key priorities for the coming year of the General Counsel and the Legal Department. It shall review and approve the business plan 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.~~

(j) As part of the Department Head annual evaluation process, the Legal and Claims Committee shall be responsible for engaging in periodic performance expectations discussions, including progress checks, with the General Counsel.

**§ 2501. Audit and Ethics Special Committee.**

## (b) Duties and Functions

(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~~ing~~ and approve~~ing the~~ business plan containing the key priorities for the coming year of the Ethics Officer and the Ethics Office. **It shall review and approve the business plan** 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.~~

(4) **As part of the Department Head annual evaluation process, the** Audit and Ethics Special Committee shall be responsible for **engaging in periodic performance expectations discussions, including progress checks, with the General Auditor and the Ethics Officer.**

**§ 6208. Pay Rate Administration.**

(b) Pay rates for Department Heads shall be individually fixed by the Board. Pay rates for all employees shall be fixed by their respective Department Heads within the ranges fixed by the Board for such positions in accordance with practices, policies and procedures promulgated by the General Manager. ~~The Executive Committee shall annually make a recommendation to the Board concerning any changes in the salaries and other compensation of the Department Heads, such changes to be acted upon by the Board no later than at its June meeting to be effective at the start of the payroll period beginning nearest to July 1.~~ **The Board at its August meeting will review each Department Head's salary and compensation after determining an overall performance rating for each Department Head, and make adjustments as appropriate, if any, based on salary comparisons, pay rate survey and/or performance, with any change to be effective at the beginning of the pay period that includes the prior July 1.**

**§ 6210. Employee Evaluation.**

(b) District requirements:

(1) Probationary employees. The evaluation process should be completed at least 30 days prior to the end of the employee's six-month probationary period.

(2) Regular employees. The evaluation process should be completed on an annual basis, even if the employee is at the top step of his or her classification and therefore is ineligible for a merit increase.

(3) Temporary employees. An evaluation should be submitted to the Human Resources Group at the end of the employee's service, if that service is for a period of one month or more.

(4) Department Heads (General Manager, General Counsel, Auditor and Ethics Officer). Each Department Head shall provide a narrative summary and presentation to the Board at its July meeting concerning accomplishments in performance areas deemed relevant by the Board, including but not limited to strategic leadership, operational leadership, Board relationships and results. In July, each member of the Board shall submit an evaluation form for each Department Head. At its August meeting, the Board shall discuss the evaluation results and determine an overall performance rating for each Department Head. Each member of the Board shall properly execute his or her right and duty to actively participate in the annual evaluation of each Department Head.

**§ 2416. Duties and Functions. [Executive Committee]**

(d) The Executive Committee shall be responsible for reviewing and approving the annual business plan containing the General Manager's key priorities for the coming year in conjunction with the biennial budget.

(e) As part of the Department Head annual evaluation process, the Executive Committee shall be responsible for engaging in periodic performance expectations discussions, including progress checks, with the General Manager.

**§ 2451. Duties and Functions. [Legal and Claims Committee]**

(i) The Legal and Claims Committee shall be responsible for reviewing and approving the business plan containing the key priorities for the coming year of the General Counsel and the Legal Department. It shall review and approve the business plan at the start of each fiscal year in advance of the July Board meeting

(j) As part of the Department Head annual evaluation process, the Legal and Claims Committee shall be responsible for engaging in periodic performance expectations discussions, including progress checks, with the General Counsel.

**§ 2501. Audit and Ethics Special Committee.****(b) Duties and Functions**

(2) The Audit and Ethics Special Committee shall be responsible 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.

(3) The Audit and Ethics Special Committee shall be responsible reviewing and approving the business plan containing the key priorities for the coming year of the Ethics Officer and the Ethics Office. It shall review and approve the business plan at the start of each fiscal year in advance of the July Board meeting.

(4) As part of the Department Head annual evaluation process, the Audit and Ethics Special Committee shall be responsible for engaging in periodic performance expectations discussions, including progress checks, with the General Auditor and the Ethics Officer.

**§ 6208. Pay Rate Administration.**

(b) Pay rates for Department Heads shall be individually fixed by the Board. Pay rates for all employees shall be fixed by their respective Department Heads within the ranges fixed by the Board for such positions in accordance with practices, policies and procedures promulgated by

the General Manager. The Board at its August meeting will review each Department Head's salary and compensation after determining an overall performance rating for each Department Head, and make adjustments as appropriate, if any, based on salary comparisons, pay rate survey and/or performance, with any change to be effective at the beginning of the pay period that includes the prior July 1.

**§ 6210. Employee Evaluation.**

(b) District requirements:

(1) Probationary employees. The evaluation process should be completed at least 30 days prior to the end of the employee's six-month probationary period.

(2) Regular employees. The evaluation process should be completed on an annual basis, even if the employee is at the top step of his or her classification and therefore is ineligible for a merit increase.

(3) Temporary employees. An evaluation should be submitted to the Human Resources Group at the end of the employee's service, if that service is for a period of one month or more.

(4) Department Heads (General Manager, General Counsel, Auditor and Ethics Officer). Each Department Head shall provide a narrative summary and presentation to the Board at its July meeting concerning accomplishments in performance areas deemed relevant by the Board, including but not limited to strategic leadership, operational leadership, Board relationships and results. In July, each member of the Board shall submit an evaluation form for each Department Head. At its August meeting, the Board shall discuss the evaluation results and determine an overall performance rating for each Department Head. Each member of the Board shall properly execute his or her right and duty to actively participate in the annual evaluation of each Department Head.