THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Board Action

- **Board of Directors**

6/9/2026 Board Meeting

10-2

Subject

Approve cost-of-wage increase of 3.4 percent for the Department Heads—Ethics Officer, General Auditor, General Counsel, and General Manager—for competent or better review; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

At the May 26, 2026, Special Joint Executive Committee and Board of Directors' meeting the Executive Committee voted to recommend a salary adjustment of 3.4 percent for each Department Head who receives a performance review of competent or better for the 2025-2026 review period.

Proposed Action(s)/Recommendation(s) and Options

Committee Recommendation: Option #1

Option #1

Approve cost-of-wage increase of 3.4 percent for each of the Department Heads, Ethics Officer, General Auditor, General Counsel, and General Manager, provided that the Department Head has received a competent or better performance review for the 2025-2026 period.

Fiscal Impact: None, the increase is within the range budgeted.
Business Analysis: Supports organizational continuity, leadership stability, and strategic goal alignment.

Option #2

Do not authorize a cost-of-wage increase.
Fiscal Impact: None
Business Analysis: To be determined

Alternatives Considered

The Executive Committee considered information presented for both cost-of-living and cost-of-wage percentage adjustments.

Applicable Policy

Metropolitan Water District Administrative Code Section 6208: Pay Rate Administration.

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities.

Related Board Action(s)/Future Action(s)

The Board of Directors may consider performance-based compensation adjustments for each of the Department Heads at the regular meeting of the Board of Directors in July 2026 or August 2026.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves organizational, maintenance, or administrative activities; personnel-related actions; and/or general policy and procedure making that will not result in direct or indirect physical changes in the environment. (Public Resources Code Section 21065; State CEQA Guidelines Section 15378(b)(2) and (5).)

CEQA determination for Option #2:

None required

Details and Background

CPS HR Consulting, a firm retained to assist the Board in evaluating compensation for the Department Heads, provided an independent assessment of appropriate market movement adjustments for the Department Heads. After reviewing multiple compensation indicators, including the Bureau of Labor Statistics Employment Cost Index (BLS ECI), regional wage data, and market surveys, CPS HR concluded that current wage growth trends support an adjustment in the range of 3.0 to 4.0 percent. CPS HR recommend a 3.4 percent increased based on the 12-month change in the BLS ECI for state and local government wages and salaries (ending March 2026). CPS HR advised that use of a cost-of-wage methodology rather than a cost-of-living measure, and specifically the 3.4 percent adjustment: (1) aligns compensation adjustments with actual labor market wage movements, and (2) maintains competitiveness in attracting and retaining executive talent. CPS HR's recommendation is supported by its finding that a cost-of-wage adjustment at 3.4 percent for each of the Department Heads would not result in salary compression concerns. CPS HR presented its assessment, including its findings and conclusion, to the Executive Committee on May 26, 2026. At that meeting, the Executive Committee unanimously moved to recommend that the Board of Directors approve a 3.4 percent adjustment as recommended by CPS HR. To align with adjustments for other employees, staff has recommended that the adjustment be made effective June 21, 2026.

Adán Ortega *Chair of the Board*	6/4/2026 *Date*