BOARD OF DIRECTORS REPORT

To:	RTD Board of Directors	Date:	
From:	General Manager Oversight and Performance Management Committee, Director Busck, Chair	GM	
Date:	July 13, 2010	Board Meeting Date: July 20,2010	
Subject:	**Board Policy on Goal Setting Process for the General Manager**	ACTION X	DISCUSSION INFO

RECOMMENDED ACTION

It is recommended by the General Manager Oversight and Performance Management Committee that the Board of Directors adopt a policy (guidelines) for the General Manager goal setting process.

BACKGROUND

In March, 2010, the State Auditors completed their audit of the executive compensation practices at RTD. While much of this/her work centered on past practices with the former General Manager, a number of recommendations were provided that this/her current Board would like to integrate into their ongoing role of oversight for the General Manager position. Recommendation number 4(c) of this audit looked at the monetary incentive and goal setting practices and provided the recommendation that the Board needs to establish a clear process for developing and vetting performance goals for the General Manager, including prescribing guidance to ensure that the resulting performance goals will meet the overall objectives of the incentive program.

The current General Manager's contract does not offer any monetary incentives. However, the General Manager will receive annual evaluations based on the goals that will be established for him at the joint Board/staff advance held in the 1st quarter of the previous year. For example, goals established in 2010 at the Advance will be used to drive the budget in 2011 and will be evaluated in 2011.

The purpose of this policy is to establish a clear process for goal setting and establishing of the General Manager's annual goals that is transparent and well documented.

DISCUSSION

- **Recommended General Manager Goal Setting Process:**
    1. During the early first quarter of each year, the Board members and senior level management will participate in a facilitated Board Advance planning workshop to develop the strategic goals for the agency. Board members and staff members will work together to identify and prioritize the top goals for the agency. The Board members will determine what these goals will be. These goals will drive the budget for the next year budgeting cycle. For example, goals established in 2010 will drive the 2011 budget cycle, etc.
    2. At the next study session or as soon thereafter, the General Manager will present these priorities with his/her tactical plan for measurable milestone deliverables associated with these goals. If the Board agrees as indicated with a general consensus from 8 or more of the Board members, these plans become integrated into the budgeting cycle and the General Manager's goal setting for the next year. If more discussion, policy definition or consensus building is

needed, the Chair will assign a task force or working group consisting of Board members and appropriate staff to refine and obtain agreement on how these goals will be achieved.

3. The schedule for goal setting is integrated into the budget preparation schedule for the following year. In March or April following the Board Advance Planning workshop, the finance department will begin their preparation for the annual TDP/budget calendar process. The task goals from the Board Advance planning session (and refined from the tactical work groups) will be used to drive the budget for the next year cycle. The TDP/budget calendar process will continue through November when it is approved by the Board.

4. In conjunction with the actions outlined in paragraph #2 above, The General Manager Oversight and Performance Management ad hoc goal setting work group will meet with the General Manager to document the core competencies and task goals for his/her performance evaluation for the following year. This step also serves to formalize the General Manager's tactical plan mentioned in paragraph #2 above. Core goals are considered expected competencies that are part of his/her job description and should reflect what every General Manager should be doing to manage an effective agency. The task goals are inclusive of the priorities established by the joint Board and staff at the annual advance planning workshop (step 1-3 above) and should also reflect other task goals that are critical to the agency success. The task goals are more tied into performance and should have measurable components.

5. In order to align with the rest of the salaried employees, the General Manager will use the same salary employee performance appraisal template as used by the agency salaried employees to set his/her annual goals. These goals will normally include the core goals and task goals described in 2 above. Goals should be SMART (specific, measurable, attainable, realistic and timely) and have some stretch to them. When defining the goals on the template, the General Manager will identify three possible rating levels of performance and define the criteria to achieve each. These rating levels are: needs improvement, achieved goal or exceeded expectations. The criteria would relate to the tactical milestones described in 3 above.

Please refer to the policy on evaluation to see how these rating levels are used to tie in actual performance to the merit increase (if applicable) during the evaluation process.

6. Once the General Manager Oversight and Performance Management Committee has approved the goals and the criteria for rating, the goal setting form will be taken before the full Board for their review and approval. This process should be completed by July of the current year.

Please see Attachment 1 for a visual depiction of this process.

FINANCIAL IMPACT

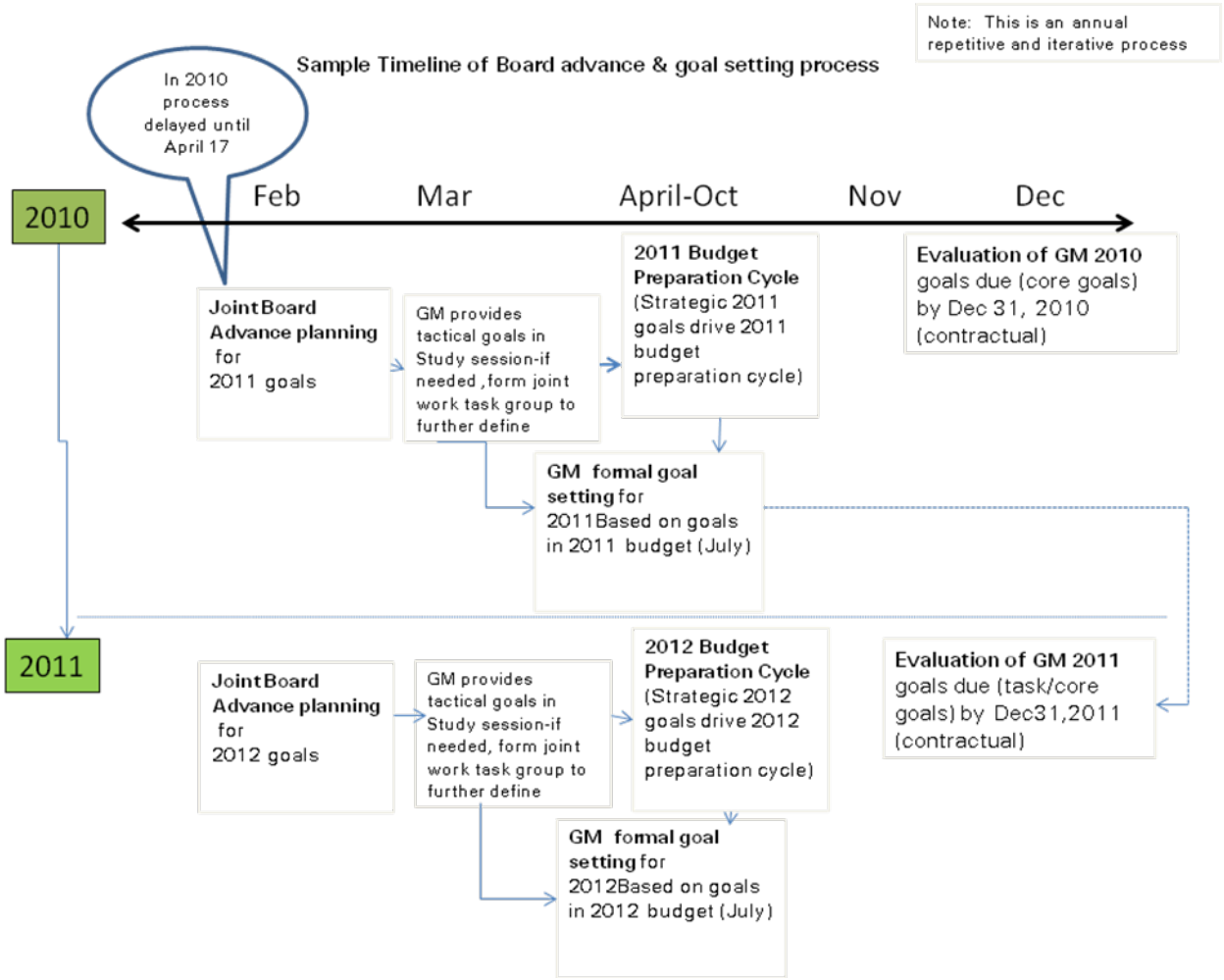
There is no financial impact to implementing this policy.

ALTERNATIVES

1. Accept this recommended action for the goal setting process identified above. This will meet the goal established by the state auditors for a clearly defined process for goal setting for the General Manager and is aligned to the process used for salaried employees.

2. Do not accept this recommended action. Revise a new process that does not tie the General Manager goals to the strategic goals mutually established at the annual Board Advance planning workshop.
3. Do nothing. Accept the risk and consequences of not complying with the State Auditor's recommendation for a clear and documented process.

Prepared by: Phil Washington, General Manager for GM Oversight and Performance Management Committee

Related Board Policies: Board Policy on General Manager Evaluation Process

Attachment 1: Sample Visual Depiction
Budget Calendar with Board Goal-Setting Cycle & Evaluation Process