



- **Board of Directors**
Legislation and Communications Committee

4/8/2025 Board Meeting

7-9

Subject

Express support if amended for AB 523 (Irwin) Metropolitan water districts: alternate representative

Executive Summary

As proposed to be amended, AB 523 (Irwin) (**Attachment 1**) would allow any Metropolitan member agency with only one representative on the Metropolitan Board of Directors the ability to appoint a proxy to vote on behalf of the member agency representative whenever they are unavailable to attend a meeting or meetings of the Board of Directors.

AB 523 seeks to ensure that member agencies with only one board representative are able to have a seat at the table and provide equity and continuity of voting at meetings of the Board of Directors.

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

Staff Recommendation: Option #1

Option #1

Express support if amended for AB 523 (Irwin) Metropolitan water districts: alternate representative

Fiscal Impact: Absorbable administrative costs for processing of proxy vote authority.

Business Analysis: Ensure member agencies with only one Metropolitan director maintain the opportunity to vote on issues before the Board in the absence of their director.

Option #2

Take no action

Fiscal Impact: Unknown

Business Analysis: May affect the ability of member agencies with only one Metropolitan director to maintain the opportunity to vote on issues before the Board in the absence of their director.

Alternatives Considered

A prior version of this measure would have authorized member agencies with only one board seat the ability to appoint an alternate representative to the Board of Directors for the purpose of participating, deliberating, and voting when the primary member is absent. This authority provided much broader discretion to member agencies, but raised several concerns that led to the sponsors adopting a proxy approach.

Applicable Policy

Metropolitan Water District Act Section 52 [Additional Directors]

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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

Minute Item 47538, dated June 24, 2008, Metropolitan's Board approved a similar proxy proposal that was passed by the Legislature but vetoed by then-Governor Schwarzenegger.

Summary of Outreach Completed

This concept was discussed at the Metropolitan Board of Directors Legislation and Communications Committee, Member Agency Manager Meeting, Member Agency Legislative Coordinators meetings, and several regional member agency venues.

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, 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

Background

AB 523 (Irwin) is sponsored by Eastern Municipal Water District and seeks to allow any member agency that only has one representative on the Metropolitan Board of Directors the ability to appoint a proxy to vote for the member agency when their primary representative is unable to attend a meeting or meetings of the Board.

This concept originated out of discussions through the Climate Adaptation Master Plan for Water process, which is intended to serve as a foundation for Metropolitan's policy and investment decisions to strengthen resilience and reliability of water supplies collectively and for individual member agencies. Through these discussions, governance and equity have been a key topic of conversation, where board composition and representation have been raised as an area of focus. In exploring this issue in more depth, the opportunity to allow for proxy members on the Metropolitan Board of Directors elevated as a solution that would allow for greater participation and engagement, without delving into the issues of changing the weighted vote allocations or broader changes to board governance.

Purpose

Metropolitan's current board structure provides that each member of the Board is entitled to cast one vote for each ten million dollars, or major fractional part thereof, of assessed valuation of property taxable for district purposes in the member public agency service area. Each member agency gets one member on Metropolitan's Board of Directors, plus additional members for each full 5 percent share of Metropolitan's total assessed valuation. This weighed vote structure has resulted in an outcome where 21 of Metropolitan's 26 member agencies currently only have one board representative. For member agencies with more than one board representative, as long as one representative is present, that member's vote carries the entire weighted share of votes for that member agency. However, when a member agency only has one board representative, if that one representative is not present, the entire member agency's vote share is unaccounted for. This proposal would ensure that member agencies with only one representative maintain their ability to have representation while supporting the continuity of board engagement.

Specific Provisions

As proposed to be amended, AB 523 (Irwin) would allow member agencies with only one board seat the ability to appoint a proxy to vote on behalf of the primary representative when that representative is absent. Specific provisions include:

1. A proxy designation could only be assigned to an existing member of the Metropolitan Board of Directors.
2. The bill provides that in order for a proxy vote to be authorized, the member agency must notify Metropolitan of the proxy designation in writing at least one business day prior to a meeting.
3. Proxy participation does not include assuming any board officer positions. If the chair were to send a proxy in their place, the vice chair would assume the chair's role.
4. Any proxy appointed to serve on behalf of a member agency representative also assumes any conflicts of interest of the representative they are voting on behalf of.
5. This measure also does not include a sunset date and will ensure that the MWD Act is not required to be reopened for purposes of future amendments.

Considerations of Future Amendments

Staff's recommended support position would narrowly apply to the version of the bill with the promised amendments (**Attachment 1**). Any hostile amendments adopted that go beyond the scope of this proposal would lead Metropolitan to adopt an oppose position. Metropolitan's position would therefore be a "support if amended" as shown in the March 19, 2025 amendments (**Attachment 1**).

Metropolitan staff had meetings with the author's office, and they are fully aware of the importance of maintaining the limited scope of this proposal. The author has committed to not allowing hostile amendments to be adopted and Eastern stated that it would also oppose any language that went beyond the intended scope.

While the chance of hostile amendments being forced into the bill is highly unlikely, there is a consensus amongst the parties involved to protect against any expansion to the scope of this proposal.

Benefits of this Amended Version

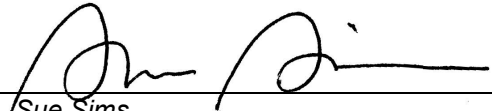
Limiting this authority to a proxy vote assigned to another member of the Board removes concerns about eroding board continuity and confidentiality of closed session meetings.

The proxy option also reduces cost pressure for agencies by ensuring that only existing board members can participate, which also reduces logistical challenges of making arrangements for a completely separate member.

The proxy option avoids concerns about expanding the Board of Directors and, because of this reduced risk, does not warrant a sunset provision.

Highlight of Concerns

Significant concerns were expressed with the prior version of this bill. At this time, no concerns have been expressed about allowing for the appointment of a proxy as defined by the bill. The only remaining concern stated is the risk of opening Metropolitan’s Act to potentially hostile bill amendments, which the author and sponsor agreed to oppose.



Sue Sims
Group Manager-External Affairs

4/1/2025

Date



Deven Upadhyay
General Manager

4/1/2025

Date

**Attachment 1 –Amendments to AB 523 (Irwin) Metropolitan water districts:
alternate representative (dated March 19, 2025)**

Ref# 12704277

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Substantive

AMENDMENTS TO ASSEMBLY BILL NO. 523

Amendment 1

On page 2, in line 16, strike out “Each” and insert:

A representative of a

Amendment 2

On page 2, in line 17, strike out “to the board of”, strike out lines 18 to 21, inclusive, and insert:

may assign a proxy vote authorization to a representative of another member public agency that shall be exercised when the assigning representative is unable to attend a meeting or meetings of the board of directors.

Amendment 3

On page 2, in line 22, strike out “Alternate representative participation does not include”, strike out line 23 and insert:

A proxy vote authorization assigned pursuant to this subdivision shall be memorialized by a written instrument as required by the metropolitan water district that is filed with the district board’s secretary at least one business day in advance of the meeting and the written instrument shall be maintained with the district records.

Amendment 4

On page 2, in line 24, strike out “(A) All provisions of this act shall apply to the alternate”, strike out line 25 and insert:

A proxy vote authorization that is assigned pursuant to this subdivision permits the assigned representative to cast votes on behalf of the assigning representative only for the assigned meeting or meetings. A proxy vote authorization shall not authorize the assumption of the assigning representative’s officer position at that meeting.

(3) (A) All provisions of this act, including Section 56, apply to the representative assigned a proxy vote authorization pursuant to this subdivision. All provisions of law relating to conflicts of interest that apply to the assigning representative also apply to the representative that is authorized to cast a proxy vote pursuant to this subdivision.

(B) Any conflict of interest of either the assigning representative or the representative that is assigned a proxy vote authorization pursuant to this subdivision applies to that assigned representative for any conflicted item.



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Substantive

Amendment 5
On page 2, strike out lines 26 to 31, inclusive, and strike out page 3

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PROPOSED AMENDMENTS TO ASSEMBLY BILL NO. 523

CALIFORNIA LEGISLATURE—2025—26 REGULAR SESSION

ASSEMBLY BILL

No. 523

Introduced by Assembly Member Irwin

February 10, 2025



An act to amend Section 52 of the Metropolitan Water District Act (Chapter 209 of the Statutes of 1969), relating to metropolitan water districts.

LEGISLATIVE COUNSEL'S DIGEST

AB 523, as introduced, Irwin. Metropolitan water districts: ~~alternate representative.~~ *proxy vote authorization.*

Under the Metropolitan Water District Act, the board of a metropolitan water district is required to consist of at least one representative from each member public agency, as prescribed. The act authorizes each member public agency to appoint additional representatives not exceeding one additional representative for each 5% of the assessed valuation of property taxable for district purposes within the entire district that is within the boundaries of that member public agency.

The bill would authorize each member public agency that is entitled to designate or appoint only one representative to the board of directors to ~~designate or appoint one alternate representative for the limited purpose of participating in a meeting of the board of directors when the member public agency's designated or appointed representative will be absent from the meeting.~~ *assign a proxy vote authorization to a representative of another member public agency that permits the assigned representative to cast votes on behalf of the assigning representative for an assigned meeting or meetings, as provided.* The bill would ~~prohibit the alternate representative from assuming any~~

AB 523

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~~officer position at that meeting, would require the member public agency to be responsible for any additional costs of the alternate representative's meeting participation, and would condition the alternate representative's participation in a meeting of the board of directors on the corresponding member public agency providing the district notice by 5 p.m. on the 5th business day prior to the meeting. The bill would make these provisions inoperative on January 1, 2031. require a proxy vote authorization to be memorialized by a written instrument, as specified. The bill would apply all provisions of law relating to conflicts of interest that apply to the assigning representative to the representative authorized to cast a proxy vote. The bill would also apply any conflict of interest of the assigning representative or the representative that is assigned a proxy vote authorization to that assigned representative for any conflicted item.~~

Vote: majority. Appropriation: no. Fiscal committee: no.
 State-mandated local program: no.

The people of the State of California do enact as follows:

Page 2

1 SECTION 1. Section 52 of the Metropolitan Water District
 2 Act (Chapter 209 of the Statutes of 1969), as amended by Section
 3 1 of Chapter 71 of the Statutes of 2019, is amended to read:
 4 Sec. 52. (a) In addition to one representative, any member
 5 public agency may designate and appoint one additional
 6 representative for each full 5 percent of the assessed valuation of
 7 property taxable for district purposes within the entire district that
 8 is within the member public agency, in which event all
 9 representatives present at a meeting of the board of directors when
 10 a vote is taken shall cast, or may abstain from casting, an equal
 11 share of the total vote to which the member public agency is
 12 entitled.
 13 (b) A member public agency shall not have fewer than the
 14 number of representatives the member public agency had as of
 15 January 1, 2019. This subdivision does not affect Section 55.
 16 (c) (1) (A) ~~Each~~ *A representative of a member public agency*
 17 *that is entitled to designate or appoint only one representative to*
 18 *the board of directors may designate or appoint one alternate*
 19 *representative for the limited purpose of participating in a meeting*
 20 *of the board of directors when the member public agency's*
 21 *designated or appointed representative will be absent from the*

Amendment 1
Amendment 2

+ ~~meeting~~ may assign a proxy vote authorization to a representative
+ of another member public agency that shall be exercised when the
+ assigning representative is unable to attend a meeting or meetings
+ of the board of directors.

Page 2 22 (B) ~~Alternate representative participation does not include~~
23 ~~assuming any officer position at that meeting.~~ A proxy vote
+ authorization assigned pursuant to this subdivision shall be
+ memorialized by a written instrument as required by the
+ metropolitan water district that is filed with the district board's
+ secretary at least one business day in advance of the meeting and
+ the written instrument shall be maintained with the district records.

24 (2) (A) ~~All provisions of this act shall apply to the alternate~~
25 ~~representative of the member public agency.~~ A proxy vote
+ authorization that is assigned pursuant to this subdivision permits
+ the assigned representative to cast votes on behalf of the assigning
+ representative only for the assigned meeting or meetings. A proxy
+ vote authorization shall not authorize the assumption of the
+ assigning representative's officer position at that meeting.

+ (3) (A) All provisions of this act, including Section 56, apply
+ to the representative assigned a proxy vote authorization pursuant
+ to this subdivision. All provisions of law relating to conflicts of
+ interest that apply to the assigning representative also apply to
+ the representative that is authorized to cast a proxy vote pursuant
+ to this subdivision.

+ (B) Any conflict of interest of either the assigning representative
+ or the representative that is assigned a proxy vote authorization
+ pursuant to this subdivision applies to that assigned representative
+ for any conflicted item.

26 (B) ~~The alternate representative may participate in a meeting~~
27 ~~of the board of directors provided that the corresponding member~~
28 ~~public agency provides the district notice by 5 p.m. on the fifth~~
29 ~~business day prior to the meeting.~~

30 (3) ~~The member public agency is responsible for any additional~~
31 ~~costs of the alternate representative's meeting participation.~~

Page 3 1 (d) ~~Subdivision (e) shall become inoperative on January 1, 2031.~~

Amendment 3

Amendment 4

Amendment 5

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