



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Board Action

- **Board of Directors**
Legal and Claims Committee

1/13/2026 Board Meeting

Revised 7-2

Subject

Amend the Metropolitan Administrative Code to conform to current policy, law, and practice, and to make other minor, non-substantive changes; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

The proposed amendments to the Administrative Code will update the Code to conform it to current policy, law, and practice, and make other minor, non-substantive changes. The amendments will accomplish the following:

- Clarify the purpose and committee basis for removal of items on the Consent Calendar.
- Add a process for the new statutory requirement for filing a written, signed proxy vote authorization with the Board Executive Secretary.
- Update annual reporting by the General Manager (GM) on the status of the Equal Employment Opportunity (EEO) policy and affirmative action program to the Community and Workplace Culture Committee (CWCC).
- Change “raw water” references to “untreated water” to match the terms used elsewhere in the Code.
- Remove references to water rate elements, services and programs that are no longer applicable resulting from various Board actions.
- Add description of new rate elements, such as the “Treatment Fixed Charges” recently approved by the Board of Directors.
- Add portions of the financial reserves and budgeting policies adopted by the Board on July 8, 2025 that were (inadvertently) not shown as redlines in the July 8, 2025 Board letter.
- Upgrade the salary schedule for the Board Executive Secretary based on the position’s responsibilities.
- Clarify and conform to practice the GM’s change order authority as to the total payable contract amounts.

The proposed amendments are to Division II (Procedures Pertaining to Board, Committees, and Directors), Division III (Annexation), Division IV (Water Service Policies), Division V (Financial Matters), Division VI (Personnel Matters), and Division VIII (Contracts/Real Property).

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

Staff Recommendation: Option #1

Option #1

Approve amendments to the Metropolitan Water District Administrative Code to conform to current policy, law, and practice, and to make other minor, non-substantive changes.

Fiscal Impact: None

Business Analysis: The Administrative Code will be amended to conform to current policy, law, and practice, and to make other minor, non-substantive changes.

Option #2

Do not approve amendments to the Metropolitan Water District Administrative Code to conform to current policy, law, and practice, and to make other minor non-substantive changes.

Fiscal Impact: None

Business Analysis: The Administrative Code will not be amended to conform to current policy, law and practice.

Alternatives Considered

Not applicable

Applicable Policy

Metropolitan Water District Administrative Code Section 2100: Board of Directors

Metropolitan Water District Administrative Code Section 2410: Duties and Functions [Executive Committee]

Metropolitan Water District Administrative Code Section 2431: Engineering, Operations and Technology Committee

Metropolitan Water District Administrative Code Section 2441: Finance, Affordability, Asset Management, and Efficiency Committee

Metropolitan Water District Administrative Code Section 2451: Duties and Functions [Legal and Claims Committee]

Metropolitan Water District Administrative Code Section 2600: Directors

Metropolitan Water District Administrative Code Section 2700: General Manager's Annual Reports

Metropolitan Water District Administrative Code Section 2720: Quarterly Reports

Metropolitan Water District Administrative Code Section 2750: Miscellaneous Reports

Metropolitan Water District Administrative Code Section 3100: Annexation Procedure

Metropolitan Water District Administrative Code Section 4100: Definitions [Water Service Policies]

Metropolitan Water District Administrative Code Section 4300: Water Transaction Revenues

Metropolitan Water District Administrative Code Section 4400: Classification and Rates

Metropolitan Water District Administrative Code Section 5200: Financial Policies

Metropolitan Water District Administrative Code Section 5300: Short-Term Certificates

Metropolitan Water District Administrative Code Section 6500: Unrepresented Classifications

Metropolitan Water District Administrative Code Section 8100: Contracts

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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

Not applicable.

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

Background

This letter proposes amendments to Metropolitan's Administrative Code to conform it to current policy, law, and practice. 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 will appear in the Administrative Code if the changes are approved. The Administrative Code is proposed to be amended, as follows:

Consent Calendar. Amendments will clarify the purpose and basis for removal of Consent Calendar items:

- Section 2120 is amended to clarify that the purpose of the Consent Calendar is to expedite consideration of certain matters.
- Section 2122(b) is amended to clarify that items may be removed by a standing committee from the Consent Calendar if it does not recommend approval; its recommending approval contingent on changes does not remove it from the Consent Calendar.

There is no change to the ability of any single member of the Board to request removal of an item from the Consent Calendar at Board.

Proxy Votes. Section 2601 is added to provide a process to conform to the new Metropolitan Water District Act Section 52 requirement for filing a written, signed proxy vote authorization with the Board Executive Secretary, as specified.

General Manager's Annual Reports. Section 2700(c) is amended to update reporting by the GM on the status of the EEO policy and affirmative action program from the Finance, Affordability, Asset Management, and Efficiency Committee (FAAME) to the CWCC. (Metropolitan, as a federal contractor, has certain affirmative action program obligations under federal law.)

Annexation Water Use Efficiency Guidelines. Amend Section 3107 to change "raw water" references to "untreated water" to match the terms used elsewhere in the Code.

Water Service Policies.*Water Service Definitions*

- Section 4114 is amended to delete an obsolete reference to water replenishment service that delivered water for long-term storage in groundwater basins and surface reservoirs.
- Section 4120 is amended to delete an obsolete reference to purchase orders and purchase order commitments from member agencies that expired on December 31, 2024.
- Section 4121 is amended to update the definition "supply rates" to reflect current policy and practice, based on a dollar per acre-foot water rate charged to recover District costs, as specified.
- Section 4126 is renamed "Treatment Charges" and new subsections (a) and (b) are added to define and distinguish the "Treatment Surcharge" (new subsection (a)) from "Treatment Fixed Charges" (new subsection (b)). These amendments encompass the current treatment charge categories.

Water Transaction Revenues

- Section 4304(a)(2) is amended to delete an obsolete reference to the Water Stewardship Rate.
- Section 4304(b) is amended to add "Treatment Fixed Charges" to the set of recommendations the GM presents annually to FAAME.

Classification and Rates

- Section 4404 is amended to delete an obsolete reference to purchase orders and purchase order commitments from member agencies that expired on December 31, 2024.
- Section 4405 is amended to add “Treatment Fixed Charges” to the District’s water rates.

Financial Matters.

- Section 5200 is amended to delete subsection (i) the Water Treatment Surcharge Stabilization Fund No. 5502. Accordingly, subsequent subsections are renumbered from (j) through (r) to subsections (i) through (q). Subsequent references to this fund are deleted in Section 5202(c), (d), and (e).
- Section 5200(r) is added and Section 5202 subsections (a) and (e) are amended, and subsections (f) and (g) are added, to provide the financial policies adopted by the Board on July 8, 2025, but (inadvertently) not shown in Attachment A (to that item) when the Board approved the action. See Minute Item 54190.

Unrepresented Classifications. The hours pay rate schedule at Section 6500(a) is amended to increase the Board Executive Secretary salary grade from 72 to 74 based on the GM’s review of the position’s responsibilities.

Change Orders. Section 8123 is amended to clarify the GM’s change order authority for certain contracts.

- Section 8123(b) is amended to clarify that change orders for ~~Public Works’~~ Purchasing contracts that are not Public Works related may exceed \$250,000 total payable without prior Board approval.
- Section 8123(c) is amended to clarify that change orders for Professional and Technical Services contracts may not exceed \$250,000 annually without prior Board approval.

Other minor, non-substantive changes.

- Section 2146 is amended to correct the records preservation citation from Section 10205 to 10204.
- Sections 2416(f)(3) and 2431(f)(3)(i) are amended to correct the citations from Section 8150(a) to 8151(b), and Sections 2431(b) and 2431(b)(1) from Section 8150(a) to 8151(a) regarding appeals of protest denials of Purchasing Contracts and Professional and Technical Contracts.
- Sections 2441, 2701, 2720(b)-(c), 2750, and 2751 are amended to correctly refer to the Facilities, Affordability, Asset Management, and Efficiency Committee.
- Section 2600 is amended to change the title from “Directors” to “Assumption of Office” for greater accuracy.

Project Milestone(s)

Not applicable because amendments conform the Administrative Code to current policy, law, and practice.



Marcia Scully
General Counsel

1/6/2026

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 copy)

Division II
PROCEDURES PERTAINING TO BOARD, COMMITTEES
AND DIRECTORS

Chapter 1
BOARD OF DIRECTORS

Article 2
CONSENT CALENDAR

§ 2120. Purpose and Scope.

It is the purpose of the Consent Calendar procedure to expedite Board consideration of ~~non-controversial~~ certain matters to enable the Board to devote added time to other matters. ~~The procedure ensures that if any item on the calendar is disputed, individual consideration will be given to it.~~

§ 2122. Committee Procedure.

(a) Matters recommended by a Department Head for inclusion on the Consent Calendar shall be so identified on the committee agendas.

(b) A Consent Calendar matter ~~shall~~ may be removed if the standing committee to which it has been submitted does not recommend approval with a quorum of the committee present ~~or if it recommends approval only after making changes to the recommendation of the Department Head.~~

Article 4
MISCELLANEOUS BOARD RULES

§ 2146. Availability for Public Inspection of Certain Board and Committee Material.

The Board Executive Secretary shall make available, for inspection by the public prior to commencement of and during a Board or Board committee meeting, copies of the meeting agenda and of any written or videotaped materials that are not exempt from public disclosure under Sections 10200 - 10205~~4~~ and that have been distributed in advance to the Board or committee members for discussion or consideration at the meeting. If non-exempt written or videotaped materials are distributed to the members during their discussion at the meeting, copies thereof shall be made available for public inspection at the same time or as soon thereafter as practicable. Upon request, the District shall provide facilities for public viewing of videotaped materials distributed to Board members.

Chapter 4
STANDING COMMITTEES

Article 2
EXECUTIVE COMMITTEE

§ 2416. Duties and Functions. [Executive Committee]

[SUBSECTIONS (a) through (e) OMITTED]

(f) The Executive Committee shall also:

(1) Act on behalf of the Board in unexpected situations and emergencies, subject to subsequent approval or ratification of the actions taken whenever such approval or ratification is required by law.

(2) Provide policy guidance where appropriate to those directors and District staff members who are associated with organizations in which the District has membership.

(3) Conduct hearings on appeals of protest denials involving Purchasing Contracts and Professional and Technical Services Contracts pursuant to Section 815~~10~~(b).

(i) Hearings shall be held by the committee at its next regular meeting to be held at least 72 hours after the filing of the notice of appeal of the General Manager's determination under Section 815~~10~~(b). The decision of the committee shall be final unless the committee chooses to refer the notice of protest to the Board.

[SUBSECTIONS (f)(3)(ii) through (f)(3)(viii) OMITTED.]

Article 4
ENGINEERING, OPERATIONS AND TECHNOLOGY COMMITTEE

§ 2431. Duties and Functions.

[SUBSECTION 2431(a) OMITTED.]

(b) The Engineering, Operations and Technology Committee shall also conduct hearings on appeals of protest denials involving Public Works Contracts pursuant to Section 815~~10~~(a).

(1) Hearings shall be held by the committee at its next regular meeting, at least 72 hours after the filing of the notice of appeal of the General Manager's determination under Section 815~~10~~(a). The decision of the committee shall be final unless the committee chooses to refer the notice of protest to the Board.

(2) The Chair of the Engineering, Operations and Technology Committee may re-delegate duties provided for under subparagraph (1) above to a minimum of three members of the Engineering, Operations and Technology Committee who shall act in place of the committee.

Article 5**FINANCE, AFFORDABILITY, ASSET MANAGEMENT,
AND EFFICIENCY COMMITTEE****§ 2441. Duties and Functions.**

The Finance, ~~Affordability, and~~ Asset Management, ~~and Efficiency~~ Committee shall study, advise and make recommendations with regard to:

[SUBSECTIONS (a) through (dd) OMITTED]

Chapter 6**DIRECTORS****Article 1****GENERAL**

Sec.

2600. ~~Directors.~~ Assumption of Office.

2601. Proxy Vote.

§ 2601. Proxy Vote.

Proxy vote authorization shall be filed concurrently with the Board Executive Secretary, in addition to the district's board secretary as required by Metropolitan Water District Act Section 52. The written instrument must be signed, dated, and received by 3:00 p.m. one business day in advance of the meeting. The written instrument shall be in the form as designated by the Board Executive Secretary.

Chapter 7**PERIODIC STAFF REPORTS TO BOARD AND COMMITTEES****Article 1****ANNUAL REPORTS****§ 2700. General Manager's Annual Reports.**

The General Manager shall annually make the following reports:

(a) To the Board:

(1) On financial matters generally;

(2) After consulting with the General Counsel, on the results of their review made pursuant to Section 5204 of District compliance with minimum fund requirements outlined in Sections 5201-5204 and with the articles and covenants contained in resolutions of issuance;

(3) On the status of appropriations pursuant to Section 5108(c).

(4) On annexation matters pursuant to Sections 3107 and 3300(b).

(5) On payment of dues to organizations pursuant to Section 11102.

(b) To the Executive Committee:

(1) On the business plan containing the General Manager's key priorities for the coming year as required by Sections 2416 and 6416.

(2) On the effectiveness of the District's internal control system, including information technology security and control.

(c) To the ~~Equity, Inclusion and Affordability~~ Community and Workplace Culture Committee on the status of the equal employment opportunity policy and affirmative action program as required by Section 6304.

(d) To the Ethics, Organization and Personnel Committee on all consulting agreements in effect during the preceding year and the exercise of authority under Section 8121(c). Each such report shall indicate when a consultant is a former employee of the District.

§ 2701. Treasurer's Reports

(a) The Treasurer shall annually report to the Board on the investment policy of the District.

(b) The Treasurer shall report to the Finance, ~~and Affordability~~, Asset Management, ~~and Efficiency~~ Committee:

(1) All payments after loss of a bond interest coupon made pursuant to Section 5104; and

(2) All issuances of duplicate bonds made pursuant to Section 5105.

§ 2720. General Manager's Quarterly Reports.

The General Manager shall quarterly make the following reports:

(a) To the Engineering, Operations and Technology Committee: a report on the Capital Investment Plan, including service connections approved by the General Manager pursuant to Sections 4700-4708 with the estimated cost and approximate location of each and the execution of any relocation agreements involving an amount in excess of \$100,000 under authority of Section 8122(c);

(b) To the Finance, ~~and Affordability~~, Asset Management, ~~and Efficiency~~ Committee: A summary of financial performance including Comparative Statements of Operations and Comparative Balance Sheets and variances thereof from estimates;

(c) To the Finance, ~~and Affordability~~, Asset Management, ~~and Efficiency~~ Committee:

(1) Deeds or grants accepted during the preceding quarter;

(2) Easements, or similar rights, granted during the preceding quarter under the authority of Section 8220, and shall also include in such report any relocation or protection agreement made in connection therewith;

(3) All leases made during the preceding quarter under the authority of Sections 8222, 8223, 8230 and 8232;

(4) The details of any transactions during the preceding quarter in which an improvement was disposed of in such a manner as to make the improvement available for subsequent use by a party other than the District; and

(5) Property sold pursuant to the authority granted by Section 8240 et seq.

[SUBSECTIONS (d) and (e) OMMITTED]

§ 2750. Escheat to District of Unclaimed Funds.

The Controller shall file a report with the Finance ~~and Affordability~~, Asset Management, ~~and Efficiency~~ Committee after each publication made pursuant to Section 5113 regarding moneys unclaimed in the District treasury.

Division III

ANNEXATIONS

§ 3107. Water Use Efficiency Guidelines.

[SUBSECTIONS (a), (c) and (d) OMMITTED]

(b) **Reporting to District.** The annexing member agency shall be responsible for assuring compliance with these provisions and shall report to the District annually for five years following annexation of the new territory regarding such compliance or until the new territory is included in the annexing member agency's Urban Water Management Plan (UWMP). Annual reports shall include all of the following information regarding the annexing member agency:

- (1) Conservation measures incorporated in the new territory;
- (2) Total annual production of local water supplies including, but not limited to, recycled water, groundwater, and local surface water use;
- (3) Evidence of sufficient resources to sustain interruptions of District deliveries of seven-to 21 –days, as described in MWD Administrative Code Section 4503(b). Specifically, each member agency shall have sufficient resources such as local reservoir storage, groundwater production capacity, system interconnections, or alternate supply source to sustain:

- i. A seven-day interruption in District deliveries from ~~raw-untreated~~ and treated water distribution facilities based on average annual demand of the affected facility
- ii. For service connections installed or modified after December 31, 2008, on raw water conveyance facilities, a seven-to 21-day interruption in District ~~raw~~ untreated water deliveries based on average annual demand of the affected facility;

[SUBSECTIONS (b)(4) and (b)(5) OMMITTED.]

Division IV WATER SERVICE POLICIES

Chapter 1 DEFINITIONS

Sec.

- 4100. General
- 4101. Colorado
- 4102. State
- 4103. Treated Water
- 4104. Untreated Water
- 4105. Domestic and Municipal Purposes
- 4106. Agricultural Purposes
- 4107. Groundwater Replenishment by Spreading
- 4108. Groundwater Replenishment by Injection
- 4109. In-Lieu Groundwater Replenishment
- 4110. Direct Reservoir Replenishment
- 4111. In - Lieu Reservoir Replenishment
- [4112. Repealed]
- [4113. Repealed]
- [4114. ~~Repealed Replenishment Service~~]
- [4115. Repealed]
- [4116. Repealed]
- 4117. Cooperative Storage Program
- 4118. Cooperative Storage Program Sale
- [4119. Repealed]
- [4120. ~~Repealed Purchase Order; Purchase Order Commitment~~]
- 4121. Supply Rates
- 4122. Base Firm Demand; Initial Base Firm Demand
- 4123. System Access Rate
- [4124. ~~Repealed Water Stewardship Rate~~]
- 4125. System Power Rate
- 4126. Treatment ~~Surecharge~~ Charges
- 4127. Emergency Storage Program Purposes

~~§ 4114. Replenishment Service.~~

~~“Replenishment Service” shall mean delivery of water for long term storage in either groundwater basins or surface reservoirs by direct or in-lieu means. Direct means shall be either through groundwater spreading or through injection. The Replenishment Service Program was discontinued after December 31, 2012.~~

~~§ 4120. Purchase Order; Purchase Order Commitment.~~

~~“Purchase Order” shall mean a member agency’s written commitment to purchase a specified total volume of water from the District during a specified period, as provided in Section 4404. “Purchase Order commitment” shall mean the amount of system water a member agency commits to purchase over the term of the Purchase Order.~~

§ 4121. Supply Rates.

“Supply Rate” shall mean a dollar per acre-foot water rate charged (i) the Tier 1 Supply Rate and (ii) the Tier 2 Supply Rate, as applicable to a particular purchase of water pursuant to Section 4404. The Tier 1 and Tier 2 Supply Rate shall be set from time to time by the District to recover the cost of maintaining existing supplies, and developing additional supplies of water, and demand management.

~~§ 4124. Water Stewardship Rate.~~

~~“Water Stewardship Rate” shall mean a dollar per acre-foot water rate charged by the District to recover a portion of the costs of the District’s financial commitment to conservation, water recycling, groundwater recovery and other water management programs approved by the Board.~~

§ 4126. Treatment ~~Surcharge~~Charges.

(a) “Treatment Surcharge” means a dollar per acre-foot water rate charged by the District to recover the District’s costs of providing water treatment capacity and operations.

(b) “Treatment Fixed Charges” include a Peaking Capacity Charge, Standby Capacity Charge, and Remaining Standby Capacity Charge, and collectively, recover a portion of the fixed costs incurred for peaking and standby capacity to meet the potential demands of member agencies connected to the treatment system. Collectively, the Treatment Fixed Charges recover up to 30% of total treatment costs but are limited at the actual amount associated with peaking and standby capacity.

Chapter 3**WATER TRANSACTIONS REVENUE****§ 4304. Apportionment of Revenues and Setting of Water Rates.**

(a) Not later than at its February meeting the General Manager shall present to the Finance, Affordability, Asset Management, and Efficiency (FAAME) Committee of the Board:

(1) Determinations of the revenue requirements and cost of service analysis supporting the rates and charges required during the biennial period beginning the following July 1, as determined by the General Manager in accordance with current Board policies, and,

(2) Recommendations of rates including, but not limited to, the System Access Rate, ~~Water Stewardship Rate~~, System Power Rate, Treatment Surcharge, and the Supply Rates for the various classes of water service to become effective each January 1 of the biennial period. These recommended rates shall be the General Manager's determination, made in accordance with current Board policies, of the rates necessary to produce substantially the revenues to be derived from water transactions, including, but not limited to, sales, exchanges, and wheeling, during the biennial period beginning the following July 1.

(b) Not later than at its February meeting, the General Manager shall also present to the FAAME Committee recommendations regarding the continuation of a water standby charge or the imposition of an availability of service charge (such as the readiness-to-serve charge, ~~and~~ capacity charge, and Treatment Fixed Charges), which shall be the General Manager's determination, made in accordance with current Board policies, of the charge necessary to produce substantially the revenues to be derived from fixed revenue sources, if any, exclusive of taxes, during the biennial period beginning the following July 1 which said committee has determined to be necessary.

Chapter 4

CLASSIFICATION AND RATES

Sec.

4400. Basic Statement

4401. Rates

4402. Readiness-to-Serve Charge

4403. Capacity Charge

~~[4404. Repealed] Purchase Orders~~

~~[4405. Repealed] Treatment Fixed Charges~~

~~§ 4404. — Purchase Orders.~~

~~—— (a) The General Manager shall establish and make available to member public agencies the form of the Purchase Order and procedures for its administration. The General Manager shall establish a deadline by which all Purchase Orders shall be executed by member public agencies that desire to enter into such agreements with the District. Following the deadline established by the General Manager, no member public agencies will be allowed to execute Purchase Orders.~~

~~—— (b) The term of the Purchase Orders shall be specified in the Purchase Order. All Purchase Orders in effect for the same time period shall be on substantially the same terms. All amendments to Purchase Orders require approval by the Board.~~

~~—— (c) Each member public agency executing a Purchase Order shall commit to purchase at least its Purchase Order Commitment during the term of the Purchase Order.~~

~~—— (d) Purchase Orders shall permit a member public agency to purchase up to 90 percent of its Base Period Demand at the Tier 1 Supply Rate for the term of the Purchase Order.~~

~~———— (e) All water deliveries under a Purchase Order shall be subject to the operational conditions and constraints contained in this Division. In addition, all billings and payments for such water shall be subject to the provisions of this Division in the same manner as other water delivered by Metropolitan.~~

§ 4405. Treatment Fixed Charges.

“Treatment Fixed Charges” include a Peaking Capacity Charge, Standby Capacity Charge, and Remaining Standby Capacity Charge, and collectively, recover a portion of the fixed costs incurred for peaking and standby capacity to meet the potential demands of member agencies connected to the treatment system. Collectively, the Treatment Fixed Charges recover up to 30% of total treatment costs but are limited at the actual amount associated with peaking and standby capacity.

Division V

FINANCIAL MATTERS

Chapter 2

FINANCIAL POLICIES

§ 5200. Funds Established.

To provide for accountability of public moneys in accordance with applicable federal and state law and regulations and Board policies, the following funds active or prospectively active have been established in the Treasury of the District:

[SUBSECTIONS (a) through (h) OMMITTED]

~~(i) Water Treatment Surcharge Stabilization Fund (Fund No. 5502, established 1988). Used to mitigate required increases in the surcharge for water treatment or, as directed by the Board, for other lawful purposes, in accordance with Section 5202.~~

(~~j~~) Revolving Construction Fund (Fund No. 5003, established 1988). Capital expenditures made from this fund are to be reimbursed from proceeds of security sales to the extent such expenditures are authorized uses of debt proceeds under the Act, subject to the conditions and restrictions contained in Section 5201(g).

(~~k~~) Iron Mountain Landfill Postclosure Maintenance and Corrective Action Trust Fund (Fund No. 6005, established 1990). Used as a trust fund to maintain moneys sufficient to cover the costs of postclosure maintenance and/or corrective action of the District’s solid waste landfill facility at Iron Mountain, in accordance with regulations of the California Department of Resources Recycling and Recovery, and subject to the conditions contained in Section 5201(m).

(~~k~~) Water Standby Charge Fund (Fund No. 1005, established 1992). Used to separately hold revenues attributable to water standby charges; amounts deposited in this fund are used exclusively for the purpose for which the water standby charge was authorized.

(~~ml~~) Water Transfer Fund (Fund No. 1007, established 1995). Used for moneys set aside for the purchase of water through transfers or similar arrangements, and for the costs of filling the Eastside Reservoir Project.

(~~nm~~) Self-Insured Retention Fund (Fund No. 1008, established 1999). Used to separately hold amounts set aside for emergency repairs and claims against the District as provided in Section 5201(o).

(~~en~~) Lake Mathews Multi Species Reserve Trust Fund (Fund No. 6101, established 1997.) Used as set forth in agreement between Metropolitan and the Riverside County Habitat Conservation Agency for the Southwest Riverside County Multi-Species Reserve.

(~~po~~) There shall be established in the Treasury of the District such funds and accounts as are required pursuant to bond covenants, tax and non-arbitrage certificates, bond counsel letters of instruction and related documents, to provide for accountability of District funds and compliance with applicable federal and state law and regulations. Such funds and accounts shall be established for each issue of bonds, notes or other obligations of the district as required in the respective bond or note resolution and closing documents.

(~~rp~~) Reclamation Fund Trust Fund (Fund No. ____, established 2023). Used as a trust fund to maintain moneys sufficient to cover the costs of reclamation activities related to the Metropolitan Reclamation Plan, in accordance with the Surface Mining and Reclamation Act of 1975, Public Resources Code section 2770 et al. and California Code of Regulations, Title 14, Division 2, Chapter 8, §3808.3.

(q) Reserve calculations shall exclude variable costs, such as power and supply costs that are not directly tied to water demand, and shall exclude uncertain or non-recurring revenue sources, such as unawarded grants or one-time revenues.

§ 5202. Fund Parameters.

The minimum cash and securities to be held in the various ledger funds as of June 30 of each year shall be as follows:

(a) For the Revenue Remainder Fund cash and securities on hand of June 30 of each year shall be equal to the portion of fixed costs of the District estimated to be recovered by revenues from water transactions, including, but not limited to, sales, exchanges, and wheeling, for the eighteen months beginning with the immediately succeeding July, based on the level of demand exceedance used in the water rate process. Such funds are to be used in the event that revenues are insufficient to pay the costs of the District, as follows: -

(1) At an eighty percent exceedance level, the reserve target shall be fifteen percent of the District's net revenue requirement;

(2) At a seventy percent exceedance level, the reserve target shall be nineteen percent;

(3) At a fifty percent exceedance level, the reserve target shall be twenty-five percent;
and,

(4) The reserve target calculation shall incorporate treatment-related revenue requirements into the minimum and target levels of the Revenue Remainder Fund. This integration is intended to replace the previously separate Treatment Surcharge Stabilization Fund and streamline financial planning.

(b) For the Replacement and Refurbishment Fund, any unexpended monies shall remain in the Fund for purposes defined in Section 5109, or as otherwise determined by the Board. The end-of-year fund balance may not exceed \$160 million. Available monies in excess of \$160 million at June 30 shall be transferred to the Water Rate Stabilization Fund, unless otherwise determined by the Board.

(c) Amounts remaining in the Revenue Remainder on June 30 of each year after meeting the requirements set forth in Section 5202(a) shall be transferred to the Water Rate Stabilization Fund ~~and to the extent required under Section 5202(d), to the Water Treatment Surcharge Stabilization Fund.~~

(d) After making the transfer of funds as set forth in Section 5202(c), a determination shall be made to substantially identify the portion, if any, of such transferred funds attributable to collections of treatment surcharge revenue in excess of water treatment cost and to collections of water stewardship rate revenue in excess of costs of the Conservation Credits Program, Local Resources Program seawater desalination and similar demand management programs, including the departmental operations and maintenance costs of administering these programs. Such funds shall be transferred to the ~~Water Treatment Surcharge Stabilization Fund and the~~ Water Stewardship Fund, ~~respectively~~, to be available for the principal purpose of mitigating required increases in the ~~treatment surcharge and~~ water stewardship rates. If such determination indicates a deficiency in ~~treatment surcharge or~~ water stewardship rate revenue occurred during the fiscal year, a transfer of funds shall be made from the ~~Water Treatment Surcharge Stabilization Fund or the~~ Water Stewardship Fund, as needed and appropriate, to reimburse funds used for the deficiency. Notwithstanding the principal purpose of the ~~Water Treatment Surcharge Stabilization Fund and the~~ Water Stewardship Fund, amounts assigned to ~~the~~ ~~is~~ fund shall be available for any other lawful purpose of the District.

(e) Amounts in the Water Rate Stabilization Fund shall be held for the principal purpose of maintaining stable and predictable water rates and charges. The amount to be held in the Water Rate Stabilization fund shall be targeted to be equal to the portion of the fixed costs of the District estimated to be recovered by revenues from water transactions, including, but not limited to, sales, exchanges, and wheeling, during the two years immediately following the eighteen-month period referenced in Section 5202(a).

Funds in excess of such targeted amount shall only be used at the direction of the Board and for the following purposes: ~~utilized for capital expenditures of the District in lieu of the issuance of additional debt, or for the redemption, defeasance or purchase of outstanding bonds or commercial paper of the District as determined by the Board. Provided that the District's fixed charge coverage ratio is at or above 1.2 amounts in the Water Rate Stabilization Fund may be expended for any lawful purpose of the District, as determined by the Board of Directors, provided that any funds distributed to member agencies shall be allocated on the basis of water revenues during the previous fiscal year, such sales to include sales under the Interim Agricultural Water Program, Replenishment Service Program and all Full Service water sales.~~

(i) Funding capital expenditures of the District in lieu of the issuance of additional debt;

(ii) Redemption, defeasance, or purchase of outstanding bonds or commercial paper of the District; or,

(ii) Funding of pension or Other Post-Employment Benefit (OPEB) liabilities, including contributions to a trust fund; Legal or financial obligations as determined by the Board.

(f) Variable costs not directly tied to water sales, including supply and power, and uncertain revenues such as unawarded grants or other non-recurring funding sources shall be excluded from Revenue Remainder Fund requirement calculation.

(g) Reserves shall be treated as one-time resources and shall not be used to support ongoing operational expenditures.

Notwithstanding the fund parameters set forth in this Section 5202, including, but not limited to, any minimum fund balances or specified uses and purposes, all amounts held in the foregoing funds shall be available to pay interest on and Bond Obligation (including Mandatory Sinking Account Payments) of Water Revenue Bonds issued pursuant to Resolution 8329 adopted by the Board on July 9, 1991, as amended and supplemented (the Master Resolution), and Parity Obligations, and Subordinate Water Revenue Bonds, issued pursuant to Resolution 9199 adopted by the Board on March 8, 2016, as amended and supplemented (the Master Subordinate Resolution). Capitalized terms not defined in this paragraph shall have the meanings assigned to such terms in the Master Resolution and the Master Subordinate Resolution.

Division VI

PERSONNEL MATTERS

Chapter 5

UNREPRESENTED CLASSIFICATIONS (INCLUDING MANAGEMENT AND CONFIDENTIAL)

§ 6500. Hourly Pay Rate Schedule.

(a) The hourly pay rate (as that term is defined in subdivision (h) of Section 6200) and schedule of positions occupied by unclassified service employees not in an appropriate unit recognized pursuant to Section 6108 shall be as follows:

<u>Grade</u>	<u>Range</u>	<u>Title</u>
[GRADES 14 through 71 OMITTED]		
72	\$71.-98.01 (\$149,198-203,861)	Board Executive Secretary Special Assistant to the GM Staff Assistant to General Manager
73	\$73.70-100.65	Senior Audit Manager

(\$153,296-209,352)

	74	\$75.74-103.33 (\$157,539-214,926)	<u>Board Executive Secretary</u> Program Manager III
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[GRADES 75 through 97 OMMITTED]

() Shows approximate annual salary range for convenience; Board approved rates are hourly.
Asterisk * positions are Fair Labor Standards (FLSA) “non-exempt” (i.e., eligible for overtime).

[SUBSECTIONS (b) through (d) OMITTTED.]

Division VIII

CONTRACTS/DISTRICT PROPERTY

Chapter 1

CONTRACTS

Article 2

AUTHORITY TO CONTRACT

§ 8123. Authority of the General Manager to Amend Contracts.

(a) The General Manager may authorize change orders for Public Works Contracts awarded pursuant to Section 8142 or Section 8148, or Purchasing Contracts associated with a Public Works Contract, without Board approval to increase the amount payable of the initial contract by the greater of (i) an aggregate amount of \$250,000 per contract or (ii) an aggregate amount not to exceed 5 percent of the initial amount of the contract.

(b) The General Manager may authorize change orders for Purchasing Contracts without Board approval to increase the amount payable of the initial contract by an aggregate amount of \$250,000 per contract even if such authorization would result in the total payable amount under the contract exceeding \$250,000.

(c) Change orders for Professional and Technical Services Contracts may not be executed by the General Manager in an amount that would increase the total payable amount under the initial contract to an amount exceeding \$250,000 annually without prior Board approval.

Division II
PROCEDURES PERTAINING TO BOARD, COMMITTEES
AND DIRECTORS

Chapter 1
BOARD OF DIRECTORS

Article 2
CONSENT CALENDAR

§ 2120. Purpose and Scope.

It is the purpose of the Consent Calendar procedure to expedite Board consideration of certain matters to enable the Board to devote added time to other matters.

§ 2122. Committee Procedure.

(a) Matters recommended by a Department Head for inclusion on the Consent Calendar shall be so identified on the committee agendas.

(b) A Consent Calendar matter may be removed if the standing committee to which it has been submitted does not recommend approval with a quorum of the committee present.

Article 4
MISCELLANEOUS BOARD RULES

§ 2146. Availability for Public Inspection of Certain Board and Committee Material.

The Board Executive Secretary shall make available, for inspection by the public prior to commencement of and during a Board or Board committee meeting, copies of the meeting agenda and of any written or videotaped materials that are not exempt from public disclosure under Sections 10200 - 10204 and that have been distributed in advance to the Board or committee members for discussion or consideration at the meeting. If non-exempt written or videotaped materials are distributed to the members during their discussion at the meeting, copies thereof shall be made available for public inspection at the same time or as soon thereafter as practicable. Upon request, the District shall provide facilities for public viewing of videotaped materials distributed to Board members.

Chapter 4
STANDING COMMITTEES

Article 2
EXECUTIVE COMMITTEE

§ 2416. Duties and Functions. [Executive Committee]

[SUBSECTIONS (a) through (e) OMITTED]

(f) The Executive Committee shall also:

(1) Act on behalf of the Board in unexpected situations and emergencies, subject to subsequent approval or ratification of the actions taken whenever such approval or ratification is required by law.

(2) Provide policy guidance where appropriate to those directors and District staff members who are associated with organizations in which the District has membership.

(3) Conduct hearings on appeals of protest denials involving Purchasing Contracts and Professional and Technical Services Contracts pursuant to Section 8151(b).

(i) Hearings shall be held by the committee at its next regular meeting to be held at least 72 hours after the filing of the notice of appeal of the General Manager's determination under Section 8151(b). The decision of the committee shall be final unless the committee chooses to refer the notice of protest to the Board.

[SUBSECTIONS (f)(3)(ii) through (f)(3)(viii).]

Article 4**ENGINEERING, OPERATIONS AND TECHNOLOGY COMMITTEE****§ 2431. Duties and Functions.**

[SUBSECTION 2431(a) OMITTED.]

(b) The Engineering, Operations and Technology Committee shall also conduct hearings on appeals of protest denials involving Public Works Contracts pursuant to Section 8151(a).

(1) Hearings shall be held by the committee at its next regular meeting, at least 72 hours after the filing of the notice of appeal of the General Manager's determination under Section 8151(a). The decision of the committee shall be final unless the committee chooses to refer the notice of protest to the Board.

(2) The Chair of the Engineering, Operations and Technology Committee may re-delegate duties provided for under subparagraph (1) above to a minimum of three members of the Engineering, Operations and Technology Committee who shall act in place of the committee.

Article 5**FINANCE, AFFORDABILITY, ASSET MANAGEMENT,
AND EFFICIENCY COMMITTEE**

§ 2441. Duties and Functions.

The Finance, Affordability, Asset Management, and Efficiency Committee shall study, advise and make recommendations with regard to:

[SUBSECTIONS (a) through (dd) OMITTED]

Chapter 6
DIRECTORS

Article 1
GENERAL

Sec.

2600. Assumption of Office.

2601. Proxy Vote.

§ 2601. Proxy Vote.

Proxy vote authorization shall be filed concurrently with the Board Executive Secretary, in addition to the district's board secretary as required by Metropolitan Water District Act Section 52. The written instrument must be signed, dated, and received by 3:00 p.m. one business day in advance of the meeting. The written instrument shall be in the form as designated by the Board Executive Secretary.

Chapter 7
PERIODIC STAFF REPORTS TO BOARD AND COMMITTEES

Article 1
ANNUAL REPORTS

§ 2700. General Manager's Annual Reports.

The General Manager shall annually make the following reports:

(a) To the Board:

(1) On financial matters generally;

(2) After consulting with the General Counsel, on the results of their review made pursuant to Section 5204 of District compliance with minimum fund requirements outlined in Sections 5201-5204 and with the articles and covenants contained in resolutions of issuance;

(3) On the status of appropriations pursuant to Section 5108(c).

(4) On annexation matters pursuant to Sections 3107 and 3300(b).

(5) On payment of dues to organizations pursuant to Section 11102.

(b) To the Executive Committee:

(1) On the business plan containing the General Manager's key priorities for the coming year as required by Sections 2416 and 6416.

(2) On the effectiveness of the District's internal control system, including information technology security and control.

(c) To the Community and Workplace Culture Committee on the status of the equal employment opportunity policy and affirmative action program as required by Section 6304.

(d) To the Ethics, Organization and Personnel Committee on all consulting agreements in effect during the preceding year and the exercise of authority under Section 8121(c). Each such report shall indicate when a consultant is a former employee of the District.

§ 2701. Treasurer's Reports

(a) The Treasurer shall annually report to the Board on the investment policy of the District.

(b) The Treasurer shall report to the Finance, Affordability, Asset Management, and Efficiency Committee:

(1) All payments after loss of a bond interest coupon made pursuant to Section 5104; and

(2) All issuances of duplicate bonds made pursuant to Section 5105.

§ 2720. General Manager's Quarterly Reports.

The General Manager shall quarterly make the following reports:

(a) To the Engineering, Operations and Technology Committee: a report on the Capital Investment Plan, including service connections approved by the General Manager pursuant to Sections 4700-4708 with the estimated cost and approximate location of each and the execution of any relocation agreements involving an amount in excess of \$100,000 under authority of Section 8122(c);

(b) To the Finance, Affordability, Asset Management, and Efficiency Committee: A summary of financial performance including Comparative Statements of Operations and Comparative Balance Sheets and variances thereof from estimates;

(c) To the Finance, Affordability, Asset Management, and Efficiency Committee:

(1) Deeds or grants accepted during the preceding quarter;

(2) Easements, or similar rights, granted during the preceding quarter under the authority of Section 8220, and shall also include in such report any relocation or protection agreement made in connection therewith;

(3) All leases made during the preceding quarter under the authority of Sections 8222, 8223, 8230 and 8232;

(4) The details of any transactions during the preceding quarter in which an improvement was disposed of in such a manner as to make the improvement available for subsequent use by a party other than the District; and

(5) Property sold pursuant to the authority granted by Section 8240 et seq.

[SUBSECTIONS (d) and (e) OMMITTED]

§ 2750. Escheat to District of Unclaimed Funds.

The Controller shall file a report with the Finance Affordability, Asset Management, and Efficiency Committee after each publication made pursuant to Section 5113 regarding moneys unclaimed in the District treasury.

Division III
ANNEXATIONS

§ 3107. Water Use Efficiency Guidelines.

[SUBSECTIONS (a), (c) and (d) OMMITTED]

(b) **Reporting to District.** The annexing member agency shall be responsible for assuring compliance with these provisions and shall report to the District annually for five years following annexation of the new territory regarding such compliance or until the new territory is included in the annexing member agency's Urban Water Management Plan (UWMP). Annual reports shall include all of the following information regarding the annexing member agency:

- (1) Conservation measures incorporated in the new territory;
- (2) Total annual production of local water supplies including, but not limited to, recycled water, groundwater, and local surface water use;
- (3) Evidence of sufficient resources to sustain interruptions of District deliveries of seven-to 21 –days, as described in MWD Administrative Code Section 4503(b). Specifically, each member agency shall have sufficient resources such as local reservoir storage, groundwater production capacity, system interconnections, or alternate supply source to sustain:
 - i. A seven-day interruption in District deliveries from untreated and treated water distribution facilities based on average annual demand of the affected facility
 - ii. For service connections installed or modified after December 31, 2008, on raw water conveyance facilities, a seven-to 21-day interruption in District untreated water deliveries based on average annual demand of the affected facility;

[SUBSECTIONS (b)(4) and (b)(5) OMMITTED]

Division IV
WATER SERVICE POLICIES

Chapter 1
DEFINITIONS

Sec.

- 4100. General
- 4101. Colorado
- 4102. State
- 4103. Treated Water
- 4104. Untreated Water
- 4105. Domestic and Municipal Purposes
- 4106. Agricultural Purposes
- 4107. Groundwater Replenishment by Spreading
- 4108. Groundwater Replenishment by Injection
- 4109. In-Lieu Groundwater Replenishment
- 4110. Direct Reservoir Replenishment
- 4111. In - Lieu Reservoir Replenishment
- [4112. Repealed]
- [4113. Repealed]
- [4114. Repealed]
- [4115. Repealed]
- [4116. Repealed]
- 4117. Cooperative Storage Program
- 4118. Cooperative Storage Program Sale
- [4119. Repealed]
- [4120. Repealed]
- 4121. Supply Rates
- 4122. Base Firm Demand; Initial Base Firm Demand
- 4123. System Access Rate
- [4124. Repealed]
- 4125. System Power Rate
- 4126. Treatment Charges
- 4127. Emergency Storage Program Purposes

§ 4121. Supply Rates.

“Supply Rate” shall mean a dollar per acre-foot water rate charged by the District to recover the cost of maintaining existing supplies, developing additional supplies of water, and demand management.

§ 4126. Treatment Charges.

(a) “Treatment Surcharge” means a dollar per acre-foot water rate charged by the District to recover the District’s costs of providing water treatment capacity and operations.

(b) “Treatment Fixed Charges” include a Peaking Capacity Charge, Standby Capacity Charge, and Remaining Standby Capacity Charge, and collectively, recover a portion of the fixed costs incurred for peaking and standby capacity to meet the potential demands of member agencies connected to the

treatment system. Collectively, the Treatment Fixed Charges recover up to 30% of total treatment costs but are limited at the actual amount associated with peaking and standby capacity.

Chapter 3

WATER TRANSACTIONS REVENUE

§ 4304. Apportionment of Revenues and Setting of Water Rates.

(a) Not later than at its February meeting the General Manager shall present to the Finance, Affordability, Asset Management, and Efficiency (FAAME) Committee of the Board:

(1) Determinations of the revenue requirements and cost of service analysis supporting the rates and charges required during the biennial period beginning the following July 1, as determined by the General Manager in accordance with current Board policies, and,

(2) Recommendations of rates including, but not limited to, the System Access Rate, System Power Rate, Treatment Surcharge, and the Supply Rates for the various classes of water service to become effective each January 1 of the biennial period. These recommended rates shall be the General Manager's determination, made in accordance with current Board policies, of the rates necessary to produce substantially the revenues to be derived from water transactions, including, but not limited to, sales, exchanges, and wheeling, during the biennial period beginning the following July 1.

(b) Not later than at its February meeting, the General Manager shall also present to the FAAME Committee recommendations regarding the continuation of a water standby charge or the imposition of an availability of service charge (such as the readiness-to-serve charge, capacity charge, and Treatment Fixed Charges), which shall be the General Manager's determination, made in accordance with current Board policies, of the charge necessary to produce substantially the revenues to be derived from fixed revenue sources, if any, exclusive of taxes, during the biennial period beginning the following July 1 which said committee has determined to be necessary.

Chapter 4

CLASSIFICATION AND RATES

Sec.

4400. Basic Statement

4401. Rates

4402. Readiness-to-Serve Charge

4403. Capacity Charge

[4404. Repealed]

4405. Treatment Fixed Charges

§ 4405. Treatment Fixed Charges.

“Treatment Fixed Charges” include a Peaking Capacity Charge, Standby Capacity Charge, and Remaining Standby Capacity Charge, and collectively, recover a portion of the fixed costs incurred for peaking and standby capacity to meet the potential demands of member agencies connected to the

treatment system. Collectively, the Treatment Fixed Charges recover up to 30% of total treatment costs but are limited at the actual amount associated with peaking and standby capacity.

Division V

FINANCIAL MATTERS

Chapter 2

FINANCIAL POLICIES

§ 5200. Funds Established.

To provide for accountability of public moneys in accordance with applicable federal and state law and regulations and Board policies, the following funds active or prospectively active have been established in the Treasury of the District:

[SUBSECTIONS (a) through (h) OMMITTED]

(i) Revolving Construction Fund (Fund No. 5003, established 1988). Capital expenditures made from this fund are to be reimbursed from proceeds of security sales to the extent such expenditures are authorized uses of debt proceeds under the Act, subject to the conditions and restrictions contained in Section 5201(g).

(j) Iron Mountain Landfill Postclosure Maintenance and Corrective Action Trust Fund (Fund No. 6005, established 1990). Used as a trust fund to maintain moneys sufficient to cover the costs of postclosure maintenance and/or corrective action of the District's solid waste landfill facility at Iron Mountain, in accordance with regulations of the California Department of Resources Recycling and Recovery, and subject to the conditions contained in Section 5201(m).

(k) Water Standby Charge Fund (Fund No. 1005, established 1992). Used to separately hold revenues attributable to water standby charges; amounts deposited in this fund are used exclusively for the purpose for which the water standby charge was authorized.

(l) Water Transfer Fund (Fund No. 1007, established 1995). Used for moneys set aside for the purchase of water through transfers or similar arrangements, and for the costs of filling the Eastside Reservoir Project.

(m) Self-Insured Retention Fund (Fund No. 1008, established 1999). Used to separately hold amounts set aside for emergency repairs and claims against the District as provided in Section 5201(o).

(n) Lake Mathews Multi Species Reserve Trust Fund (Fund No. 6101, established 1997.) Used as set forth in agreement between Metropolitan and the Riverside County Habitat Conservation Agency for the Southwest Riverside County Multi-Species Reserve.

(o) There shall be established in the Treasury of the District such funds and accounts as are required pursuant to bond covenants, tax and non-arbitrage certificates, bond counsel letters of instruction and related documents, to provide for accountability of District funds and

compliance with applicable federal and state law and regulations. Such funds and accounts shall be established for each issue of bonds, notes or other obligations of the district as required in the respective bond or note resolution and closing documents.

(p) Reclamation Fund Trust Fund (Fund No. ____, established 2023). Used as a trust fund to maintain moneys sufficient to cover the costs of reclamation activities related to the Metropolitan Reclamation Plan, in accordance with the Surface Mining and Reclamation Act of 1975, Public Resources Code section 2770 et al. and California Code of Regulations, Title 14, Division 2, Chapter 8, §3808.3.

(q) Reserve calculations shall exclude variable costs, such as power and supply costs that are not directly tied to water demand, and shall exclude uncertain or non-recurring revenue sources, such as unawarded grants or one-time revenues.

§ 5202. Fund Parameters.

The minimum cash and securities to be held in the various ledger funds as of June 30 of each year shall be as follows:

(a) For the Revenue Remainder Fund cash and securities on hand of June 30 of each year shall be equal to the portion of fixed costs of the District estimated to be recovered by revenues from water transactions, including, but not limited to, sales, exchanges, and wheeling, for the eighteen months beginning with the immediately succeeding July, based on the level of demand exceedance used in the water rate process. Such funds are to be used in the event that revenues are insufficient to pay the costs of the District, as follows:

(1) At an eighty percent exceedance level, the reserve target shall be fifteen percent of the District's net revenue requirement;

(2) At a seventy percent exceedance level, the reserve target shall be nineteen percent;

(3) At a fifty percent exceedance level, the reserve target shall be twenty-five percent; and,

(4) The reserve target calculation shall incorporate treatment-related revenue requirements into the minimum and target levels of the Revenue Remainder Fund. This integration is intended to replace the previously separate Treatment Surcharge Stabilization Fund and streamline financial planning.

(b) For the Replacement and Refurbishment Fund, any unexpended monies shall remain in the Fund for purposes defined in Section 5109, or as otherwise determined by the Board. The end-of-year fund balance may not exceed \$160 million. Available monies in excess of \$160 million at June 30 shall be transferred to the Water Rate Stabilization Fund, unless otherwise determined by the Board.

(c) Amounts remaining in the Revenue Remainder on June 30 of each year after meeting the requirements set forth in Section 5202(a) shall be transferred to the Water Rate Stabilization Fund.

(d) After making the transfer of funds as set forth in Section 5202(c), a determination shall be made to substantially identify the portion, if any, of such transferred funds attributable to collections of treatment surcharge revenue in excess of water treatment cost and to collections of water stewardship rate revenue in excess of costs of the Conservation Credits Program, Local Resources Program seawater desalination and similar demand management programs, including the departmental operations and maintenance costs of administering these programs. Such funds shall be transferred to the Water Stewardship Fund to be available for the principal purpose of mitigating required increases in the water

stewardship rates. If such determination indicates a deficiency in water stewardship rate revenue occurred during the fiscal year, a transfer of funds shall be made from the Water Stewardship Fund, as needed and appropriate, to reimburse funds used for the deficiency. Notwithstanding the principal purpose of the Water Stewardship Fund, amounts assigned to this fund shall be available for any other lawful purpose of the District.

(e) Amounts in the Water Rate Stabilization Fund shall be held for the principal purpose of maintaining stable and predictable water rates and charges. The amount to be held in the Water Rate Stabilization fund shall be targeted to be equal to the portion of the fixed costs of the District estimated to be recovered by revenues from water transactions, including, but not limited to, sales, exchanges, and wheeling, during the two years immediately following the eighteen-month period referenced in Section 5202(a).

Funds in excess of such targeted amount shall only be used at the direction of the Board and for the following purposes:

- (i) Funding capital expenditures of the District in lieu of the issuance of additional debt;
- (ii) Redemption, defeasance, or purchase of outstanding bonds or commercial paper of the District; or,
- (ii) Funding of pension or Other Post-Employment Benefit (OPEB) liabilities, including contributions to a trust fund; Legal or financial obligations as determined by the Board.

(f) Variable costs not directly tied to water sales, including supply and power, and uncertain revenues such as unawarded grants or other non-recurring funding sources shall be excluded from Revenue Remainder Fund requirement calculation.

(g) Reserves shall be treated as one-time resources and shall not be used to support ongoing operational expenditures.

Notwithstanding the fund parameters set forth in this Section 5202, including, but not limited to, any minimum fund balances or specified uses and purposes, all amounts held in the foregoing funds shall be available to pay interest on and Bond Obligation (including Mandatory Sinking Account Payments) of Water Revenue Bonds issued pursuant to Resolution 8329 adopted by the Board on July 9, 1991, as amended and supplemented (the Master Resolution), and Parity Obligations, and Subordinate Water Revenue Bonds, issued pursuant to Resolution 9199 adopted by the Board on March 8, 2016, as amended and supplemented (the Master Subordinate Resolution). Capitalized terms not defined in this paragraph shall have the meanings assigned to such terms in the Master Resolution and the Master Subordinate Resolution.

Division VI

PERSONNEL MATTERS

Chapter 5

UNREPRESENTED CLASSIFICATIONS (INCLUDING MANAGEMENT AND CONFIDENTIAL)

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(a) The hourly pay rate (as that term is defined in subdivision (h) of Section 6200) and schedule of positions occupied by unclassified service employees not in an appropriate unit recognized pursuant to Section 6108 shall be as follows:

<u>Grade</u>	<u>Range</u>	<u>Title</u>
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73	\$73.70-100.65 (\$153,296-209,352)	Senior Audit Manager
74	\$75.74-103.33 (\$157,539-214,926)	Board Executive Secretary Program Manager III

[GRADES 75 through 97 OMITTED]

() Shows approximate annual salary range for convenience; Board approved rates are hourly. Asterisk * positions are Fair Labor Standards (FLSA) “non-exempt” (i.e., eligible for overtime).

[SUBSECTIONS (b) through (d) OMITTED.]

Division VIII

CONTRACTS/DISTRICT PROPERTY

Chapter 1

CONTRACTS

Article 2

AUTHORITY TO CONTRACT

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(b) The General Manager may authorize change orders for Purchasing Contracts without Board approval to increase the amount payable of the initial contract by an aggregate amount of \$250,000 per contract even if such authorization would result in the total payable amount under the contract exceeding \$250,000.

(c) Change orders for Professional and Technical Services Contracts may not be executed by the General Manager in an amount that would increase the total payable amount under the initial contract to an amount exceeding \$250,000 annually without prior Board approval.