THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Board Action

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

3/11/2025 Board Meeting

7-12

Subject

Approve amendments to the Metropolitan Water District Administrative Code to modify the structure and duties of various committees and the roles of specified board and committee officers; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

The proposed amendments to Administrative Code Division II, Chapters 2, 3, and 4, Division IV, Chapters 3 and 5, Division V, Chapters 1 and 3, Division VI, Chapters 1, 2, 3 and 4, Division VII, Chapter 4, and Division VIII, Chapter 2 will update the Code to modify the structure and functions of various committees and the roles of specified board and committee officers to provide greater clarity and operational flexibility and to conform the committee structure to the current workload and priorities of the Board.

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

Staff Recommendation: Option #1

Option #1

Approve amendments to the Metropolitan Water District Administrative Code to modify the structure and duties of various committees and the roles of specified board and committee officers

Fiscal Impact: None
Business Analysis: Will provide clarity and conform the committee structure to the current workload and priorities of the Board.

Option #2

Do not approve amendments to the Metropolitan Water District Administrative Code to modify the structure and duties of various committees and the roles of specified board and committee officers

Fiscal Impact: None
Business Analysis: Will not provide clarity or conform the committee structure to the current workload and priorities of the Board.

Alternatives Considered

Not applicable

Applicable Policy

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

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Related Board Actions

February 11, 2025, Board Letter Item 6B approving changes to modify the structure and functions of various committees and the roles of specified board and committee officers.

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

A. Past Actions Recommended by the Chair and Approved by the Board on February 11, 2025, in Board Letter Item 6B Modifying Committee Structures and Functions.

The following changes to Standing Committee and to Ad Hoc Committees were recommended by the Chair and approved by the Board.

Board-Approved Standing Committee Changes

- The Audit Subcommittee of the Executive Committee will become the Audit Committee.
- The Ethics, Organization and Personnel Committee will become the Organization, Personnel and Effectiveness Committee, focusing on personnel matters, bargaining unit negotiations, oversight of training programs, and recruitment programs.
- The Equity, Inclusion and Affordability Committee will become the Community and Workplace Culture Committee.
- The Finance and Asset Management Committee will become the Finance, Affordability, Asset Management, and Efficiency Committee, assuming oversight of affordability and efficiency in addition to oversight of previously assigned financial and asset management activities.
- The One Water and Stewardship Committee will become the One Water and Adaptation Committee.

Board-Approved Ad Hoc Committee Changes

- Eliminate the Ad Hoc Committee on Bay-Delta Negotiations and the Ad Hoc Committee on Colorado River whose duties are transferred to the Subcommittee on Imported Water under the One Water and Adaptation Committee.
- Eliminate the Ad Hoc Committee on San Diego Litigation and the Ad Hoc Committee on Policy Impacts of Third-Party Changes to Member Agency boundaries because their tasks are completed.
- Create an Ad Hoc Committee on Executive Performance.
- Create an Ad Hoc Committee on Equal Employment Opportunity Investigations.
- Create an Ad Hoc Committee on Ag and Tribal Partnerships to focus on potential interstate conservation and initiatives to increase ground-storage and transfers.
- The Ad Hoc Committee on Facility Naming will become the Ad Hoc Committee on Communications and Facility Naming.

B. Present Action Based on Board-approved Actions on February 11, 2025 in Board Letter Item 6B Modifying Committee Structures and Functions and Which Require Amendments to the Administrative Code.

The following proposed code amendments are based on the Board-approved actions of February 11, 2025 in Board Letter Item 6B which require amendments to Metropolitan's Administrative Code. The proposed amendments are to Division II, Chapters 2, 3, and 4, Division IV, Chapters 3 and 5, Division V, Chapters 1 and 3, Division VI, Chapters 1, 2, 3 and 4, Division VII, Chapter 4, and Division VIII, Chapter 2. These amendments modify the structure and functions of various committees and the roles of specified board and committee officers to provide greater clarity and operational flexibility and conform the committee structure to the current workload and priorities of the Board. The Administrative Code is proposed to be amended as follows:

1. Section 2204 is amended to delete the oversight by Board Vice Chairs over fixed portfolios and to clarify their duty to act in the absence of the Board Chair. It further clarifies their ex officio membership duties on committees to which they are designated by the Board Chair. Conforming amendments are provided at Sections 2401(c) and (d).

2. Section 2311 is amended to require Ad Hoc Committees to provide reports to the Executive Committee as well as committees where the subjects are relevant.

3. Section 2400 is amended to insert the new committees, with added abbreviations, to the resulting list of Standing Committees.

    i. Audit Committee. Conforming amendment to change the name from Audit Subcommittee is provided at Section 6450(f). New Article 3 of Division II, Chapter 4 is added for the Audit Committee. Consequently Articles 3, 4, 5, 6, 7, 8 and 9 are renumbered Articles 4, 5, 6, 7, 8, 9, and 10.

    ii. Finance, Affordability, Asset Management, and Efficiency Committee. Conforming amendments to change the name from Finance and Asset Management Committee are provided at Sections 4304(a), (b), (c), and (d), 4305(a) and (b), 4507(g)(3), 5104(b), 5105(b), 5107(a), 5305, 8248(b) and 8257.

    iii. Organization, Personnel and Effectiveness Committee. Conforming amendments to change the name from Ethics, Organization and Personnel Committee are provided at Sections 2470 and 2471, 6113(a) and (b), 6121, 6208(h) and 6209(a).

    iv. One Water and Adaptation. Conforming amendments to change the name from One Water and Stewardship Committee are provided at Sections 2480 and 2481.

    v. Community and Workplace Culture Committee. Conforming amendment change the name from Equity, Inclusion and Affordability Committee is provided at Section 2490. Conforming amendments to change the name from Ethics, Organization and Personnel Committee are provided at Sections 6304, 6416, 6436 (b), 6450(b), 6470(a), (e), and (i), 6471(d), 6472(a) and (b), 7405(a) and (b), 7411(b), and 7412(e).

This Section 2400 is also amended to delete committees being eliminated: the Finance and Asset Management Committee and the Ethics, Organization and Personnel Committee.

4. Section 2402 is amended to provide greater flexibility by allowing Standing Committees with fixed meeting schedules, as specified, to meet on Monday before the regular Board meeting or on the second or fourth Tuesday of each month. Conforming amendments are provided at Sections 2430 (Engineering, Operations and Technology), 2440 (Finance, Affordability, Asset Management, and Efficiency), 2450 (Legal and Claims), 2460 (Legislation and Communications), 2470 (Organization, Personnel and Effectiveness), 2480 (One Water and Adaptation) and 2490 (Community and Workplace Culture).

5. Section 2410 is amended to clarify the duty of a committee's Vice Chair as an alternate on the Executive Committee for an absent committee Chair.

6. Sections 2420 and 2421 are amended to create the Audit Committee. Accordingly, the listed duties of the Audit Subcommittee at Section 2416(f)(6) are deleted and transferred to the Audit Committee at Section 2421(a) through (e) and the duties from the preamble to engage in the annual evaluation process of the General Auditor and monitor compliance with the state audit are added at Section 2421(f) and (g). Also, Section 2420 specifies the regular meetings of this standing committee shall be on a quarterly basis.

7. Section 2462 is added for the Board Chair to designate two committee Vice Chairs for the Legislation and Communications Committee, one to preside over legislative affairs, the other over communications matters.

8. Section 2471 is amended to add to the duties of the Organization, Personnel and Effectiveness Committee the oversight of workforce training programs at subsection (h), the recruitment of top-tier talent at subsection (i) and personnel matters at subsection (j).

9. Section 2491 is amended to create the Community and Workplace Culture Committee. Accordingly, the ethics-related duties of the Ethics, Organization and Personnel Committee at Section 2471(i) through (m) are deleted and transferred to the Community and Workplace Culture Committee at Section 2491(a)(1) through (5). Section 2491(b) is created and former subsections (a) through (f) renumbered underneath it with respect to the equal employment opportunity, and diversity equity and inclusion duties of the Community and Workplace Culture Committee.

C. Future Actions Recommended in the February 11, 2025, Board Letter Item 6B Modifying Subcommittee Structures and Functions That Will Require Standing Committees to Review and Approve.

Based on Administrative Code 2311, the following changes to subcommittee structures and functions will require separate action by their standing committees:

- Eliminate the Subcommittee on Pure Water and Regional Conveyance under the Engineering, Operations and Technology Committee.
- Eliminate the Subcommittee on Demand Management and Conservation Programs and Priorities under the One Water and Adaptation Committee.
- Create a Subcommittee on Imported Water under the One Water and Adaptation Committee with membership to consist of Metropolitan representatives to the key District-engaged entities concerned with Colorado River water usage and the Bay-Delta project, as well as interested committee members, as selected by the committee Chair.

The proposed amendments, and the amendments authorized by the Board at the February 11, 2025 meeting 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.

3/6/2025

Adán Ortega, Jr. *Date*
Chair of the Board

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 2

BOARD OFFICERS

§ 2204. Delegation of Duties to Vice Chairs.

The Vice Chairs selected by the Chair shall act in the Chair's absence, failure or inability to act. The Vice Chairs shall have ex officio membership and may vote to break a tie and maintain a quorum. If the committee Chair and Vice Chair(s) of the committee are not present in person the Vice Chair may preside over the meeting. ~~The Vice Chairs shall have ex officio membership on standing committees, subcommittees, or special committees as designated in this Code. The Chair assigns the following duties to the designated Vice Chairs as follows:~~

~~(1) Vice Chair for Climate Action will provide guidance to the following committees:~~

~~(a) Engineering, Operations and Technology Committee and the Subcommittee on Pure Water Southern California and Regional Conveyance; and~~

~~(b) One Water and Stewardship Committee and the Subcommittee on Demand Management and Conservation Programs and Priorities.~~

~~(2) Vice Chair for Strategic Communications and Stakeholder Engagement Policy will provide guidance to the following committees:~~

~~(a) Legislation and Communications Committee.~~

~~(3) Vice Chair for Finance and Planning will provide guidance to the following committees:~~

~~(a) Finance and Asset Management Committee and the Subcommittee on Long-Term Regional Planning Processes and Business Modeling.~~

~~(4) Vice Chair for Organizational Integrity and Accountability will provide guidance to the following committees:~~

~~(a) Ethics, Organization and Personnel Committee;~~

~~(b) Legal and Claims Committee; and~~

~~(c) Equity, Inclusion, and Affordability Committee.~~

Chapter 3

RULES GOVERNING COMMITTEES

§ 2310. Ad Hoc Committees.

Ad Hoc Committees may be created by the Board to undertake special assignments on behalf of the Board. An ad hoc committee shall exist for a specified term or until its special assignments are completed, whichever comes first, but its existence may be extended for an added term or added assignments by action of the Board. Unless otherwise specified, members of an ad hoc committee shall be appointed by the Chair of the Board and shall serve at the Chair's pleasure. Ad Hoc Committees shall provide reports to the Executive Committee as well as committees where the subjects are relevant.

Chapter 4

STANDING COMMITTEES

Article		Sec.
1	General	2400
2	Executive Committee	2410
3	Audit Committee	2420
~~3~~4	Engineering, Operations and Technology Committee	2430
~~4~~5	~~Finance and Asset Management Committee~~Finance, Affordability, Asset Management, and Efficiency Committee	2440
~~5~~6	Legal and Claims Committee	2450
~~6~~7	Legislation and Communications Committee	2460
~~7~~8	~~Ethics, Organization and Personnel Committee~~Organization, Personnel and Effectiveness Committee	2470
~~8~~9	One Water and ~~Stewardship~~Adaptation Committee	2480
~~9~~10	~~Equity, Inclusion and Affordability Committee~~Community and Workplace Culture Committee	2490

Article 1

GENERAL

Sec.
2400. Identification of Standing Committees
2401. Officers and Members of Standing Committees
2402. Regular Meetings

§ 2400. Identification of Standing Committees.

The Standing Committees of the Board of Directors are:

- ~~———~~Executive Committee (EXEC)
- Audit Committee
- ~~———~~Engineering, Operations and Technology Committee (EOT)
- ~~———Finance and Asset Management Committee Legal and Claims Committee~~Finance, Affordability, Asset Management, and Efficiency Committee (FAAME)
- ~~———~~Legal and Claims Committee (LC)
- ~~Le——Le~~gislation and Communications Committee ~~Ethics, Organization and Personnel Committee~~(LEG)
- ~~———Ethics, Organization and Personnel~~ Organization, Personnel and Effectiveness Committee (OPE)
- ~~———~~One Water and Adaptation ~~Stewardship~~ Committee (OWA)
- Community and Workplace Culture Committee (CWC)

§ 2401. Officers and Members of Standing Committees.

(a) Members, Chair, and Vice Chairs of standing committees with the exception of the Executive Committee shall be appointed subject to the approval of the Executive Committee and the Board on the basis that each director, with the exception of the Chair of the Board, serve on at least one standing committees, in addition to the Executive Committee. Such appointment shall be made by the Chair of the Board unless a new Chair-elect has been selected by the Board to take office on the next January 1, in which event appointment of Chair and Vice-Chairs of standing committees shall be made by the Chair-elect.

(b) Chair and Vice Chairs of standing committees with the exception of the Executive Committee are to be appointed in even-numbered years at the December meeting of the Board for a two-year term commencing on January 1 of odd-numbered years. No director shall be appointed to the same committee office for more than two consecutive full terms and a partial term immediately prior to the first term.

(c) The Chair of the Board or the Vice Chair ~~to whom the Chair has assigned the Chair's membership pursuant to Section 2204~~ acting in the Chair's absence per Section 2204, is a member ex-officio, with right to vote, of all standing committees, subcommittees, and special committees of the Board. However, the Chair (or the Vice Chair) ~~to whom the Chair's membership has been assigned~~ shall not be considered a member of any committee of which the officer is a member ex-officio for the purpose of determining whether a quorum of the committee is present unless the Chair or Vice Chair is actually present at the meeting of the committee.

(d) The committee Chair's duties include presiding over meetings of the committee, with the exception that the committee may, by a majority vote, overrule parliamentary rulings of the Chair. Any Vice Chair of that committee may serve as the alternate presiding officer of committee meetings when the committee Chair is absent.

§ 2402. Regular Meetings.

The regular meetings of standing committees shall be held on the Monday preceding regular board meetings or on the second or fourth Tuesday of each month. ~~Executive Committee~~ The Audit Committee shall meet on a quarterly basis. If a scheduled meeting falls on a holiday designated in Section 1106, the meeting will be rescheduled to the next business day unless the Board selects an alternative date. Staff will adjust its schedule accordingly.

Article 2

EXECUTIVE COMMITTEE

§ 2410. Membership.

The Executive Committee shall consist of the Chair, Vice Chairs of the Board, Secretary, all past Chairs of the Board who are directors of the District, and the Chairs of the standing committees in addition to the Executive Committee, and four (4) additional directors as nonofficer members. In the absence of a committee Chair, a committee's Vice Chair shall serve as the alternate on the Executive Committee for the absent committee Chair.

§ 2416. Duties and Functions. [Executive Committee]

(a) The Executive Committee shall study, advise, and make recommendations with regard to:

(1) Public information for governmental and other entities and officials, and for the citizens of California regarding matters affecting the District's interests;

(2) Official dealings with the United States Government, the State of California or other states, member public agencies or their sub-agencies, foreign governments and other entities or persons in matters of public policy or other activities as deemed appropriate;

(3) Policies and procedures to be considered by the Board or committees thereof, except for policy matters within the jurisdiction of a specific standing committee;

(4) Matters relating to the Colorado River Board of California;

(5) Major policy issues to be considered by the Board, including proposed amendments to the Metropolitan Water District Act;

(6) Questions raised by the officers and staff in intervals between meetings of the Board and in unexpected situations and emergencies.

(7) The terms and conditions of employment of all consultants and advisors not within the jurisdiction of other committees;

(8) Resolution of conflicting committee recommendations pursuant to Section 2314;

(9) The progress of, and propose modifications to, the Board's goals in light of then existing and projected future conditions; and

(10) Such other matters as may be required by Division II of this Code.

(b) The Executive Committee shall:

(1) Review and approve board and committee agendas and, notwithstanding the jurisdiction of the other standing committees in the Code, have the authority to direct which committee shall consider an item;

(2) Review and approve the scheduling of board and committee meetings;

(3) Be responsible for the oversight and management of the organization including, but not limited to, the form of the District's organization and the flow of the authority and responsibility. This includes monitoring and overseeing the duties and responsibilities of management; and

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

(c) The Executive Committee shall retain ultimate responsibility for those duties as are specifically assigned to the subcommittees of the Executive Committee.

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

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

(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 8150(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 8150(b). The decision of the committee shall be final unless the committee chooses to refer the notice of protest to the Board.

(ii) The Chair of the Executive Committee may re-delegate duties provided for under subparagraph (i) above to a minimum of three members of the Executive Committee who shall act in place of the committee.

(4) Resolve disputes over inspection dates and monitor conduct of inspection trips to assure maximum effectiveness.

(5) Address substantiated allegations of discrimination, harassment, and retaliation against directors, the General Manager, General Counsel, General Auditor, and Ethics Officer:

(i) The Executive Committee shall create an ad hoc subcommittee of three members and two alternates that will serve for a period of one year to address substantiated findings of violations determined as a result of Equal Employment Opportunity (EEO) investigations conducted for alleged violations of Section 2131 made against a director and for alleged violations of Section 6305 made against the General Manager, General Counsel, General Auditor, or Ethics Officer. If any director serving on the three-member subcommittee is an involved party to an EEO investigation, or has a conflict of interest with any involved party, the conflicted director shall recuse themselves from the matter. The Chief EEO Officer (EEO Officer) will select an alternate director to fulfill all subcommittee duties related to the particular matter. If the EEO Officer has a conflict of interest in the same matter, the Ethics Officer and/or General Counsel will select an alternate director. Directors serving as alternates will not participate in ad hoc committee matters unless or until called to serve.

(ii) The Executive Committee will also select an external law firm to serve as counsel to the ad hoc subcommittee to provide guidance, as needed, for post investigation actions.

(iii) The ad hoc subcommittee shall delegate to the EEO Officer the responsibility to designate an external investigator to conduct a fact-finding EEO

investigation pursuant to this section. ALL EEO investigations will be fair, impartial, timely, and promptly initiated and completed by qualified personnel. Detailed EEO investigative procedures, pursuant to this section can be found in *EEO Investigative Procedures for the Board and its Direct Reports*. The EEO Officer shall refer substantiated findings of EEO investigations to the ad hoc subcommittee to determine recommended appropriate action. At its discretion, the ad hoc subcommittee may consult with the EEO Officer, Ethics Officer, and/or General Counsel on appropriate action regarding a director or department head. The ad hoc subcommittee shall report a substantiated finding of an EEO violation by a director or department head and recommend appropriate action for the Board's consideration. Appropriate action for directors may include, but is not limited to, counseling, training, a private warning letter, public censure, temporary or permanent removal from committee assignments, or referral to the Director's appointing authority requesting appropriate action. Appropriate action for department heads may include, but is not limited to, counseling, training, performance review, or the imposition of discipline, as deemed appropriate under the circumstances.

(iv) When the General Manager is a party to the complaint or when in the judgment of the EEO Officer that matter should be handled differently to avoid real or perceived conflicts of interest, or to avoid potential bias or threats to impartiality, the EEO Officer shall delegate to the Ethics Officer the responsibility to retain an external investigator to conduct a fact-finding EEO investigation pursuant to this section. If the Ethics Officer has a conflict of interest in the particular case, the EEO Officer would delegate to the General Counsel the responsibility to retain an external investigator to conduct a fact-finding investigation pursuant to this section. Substantiated EEO findings under this subsection shall be referred directly to the ad hoc subcommittee to determine recommended appropriate action for the Board's consideration.

(v) A deviation of this investigation protocol by the EEO Officer may occur, in certain circumstances, with a written justification and approval of the ad hoc subcommittee responsible for EEO investigations of directors and department heads

(vi) On a quarterly basis, the Chief EEO Officer will report to the Executive Committee EEO case statistics regarding EEO complaints filed against the Board and its direct reports.

~~(6) Audit Subcommittee. The Executive Committee shall create an Audit Subcommittee, whose membership shall include the at-large members of the Executive Committee. This committee shall have the responsibility to monitor compliance with the recommendations of the California State Audit (April 2022) and, with respect to the duties and functions of the General Auditor, shall be responsible to:~~

~~(i) Study, advise, and make recommendations with regard to:~~

~~a. All reports of the General Auditor and external auditors, including the audited financial statements of the District;~~

~~b. The Audit Department's annual business plan and biennial budget; and,~~

~~c. Requests from other committees of the Board and individual Board members for audits and review not included in the Audit Department's annual business plan.~~

~~(ii) Monitor and oversee the duties and responsibilities of the Audit Department and the external auditors as those duties and responsibilities relate to the effectiveness of the District's internal control system.~~

~~(iii) Review and approve, in advance of the July Board meeting, the Audit Department annual business plan containing the key priorities of the General Auditor and the Audit Department.~~

~~(iv) As part of the Department Head annual evaluation process, be responsible for engaging in periodic performance expectations discussions, including progress checks, with the General Auditor.~~

Article 3

AUDIT COMMITTEE

§ 2420. Day of Regular Meeting

The regular meetings of the Audit Committee shall be held on a quarterly basis in the months of March, June, September and December.

§ 2421. Duties and Functions

~~(6) Audit Subcommittee. The Executive Committee shall create an Audit Subcommittee, whose membership shall include the at-large members of the Executive Committee. This committee shall have the responsibility to monitor compliance with the recommendations of the California State Audit (April 2022) and, with respect to the duties and functions of the General Auditor, shall be responsible to:~~

The Audit Committee shall ~~(i)~~ Sstudy, advise, and make recommendations with regard to:

~~(a)~~ ~~a.~~ All reports of the General Auditor and external auditors, including the audited financial statements of the District;

(a)

(b) ~~b.~~ The Audit Department's annual business plan and biennial budget; ~~and,~~

(c) ~~e.~~ Requests from other committees of the Board and individual Board members for audits and review not included in the Audit Department's annual business plan.

(d) ~~(ii)~~ Monitor and oversee the duties and responsibilities of the Audit Department and the external auditors as those duties and responsibilities relate to the effectiveness of the District's internal control system.

(e) ~~(iii)~~ Review and approve, in advance of the July Board meeting, the Audit Department annual business plan containing the key priorities of the General Auditor and the Audit Department.

(f) ~~(iv)~~ As part of the Department Head annual evaluation process, be responsible for engaging in periodic performance expectations discussions, including progress checks, with the General Auditor.

(g) Monitor compliance with the recommendations of the California State Audit (April 2022).

Article ~~4~~3

ENGINEERING, OPERATIONS AND TECHNOLOGY COMMITTEE

Sec.
2430. Day of Regular Meeting
2431. Duties and Functions

§ 2430. Day of Regular Meetings.

The regular meetings of the Engineering, Operations and Technology (EOT) Committee shall be held on the Monday preceding regular board meetings or on the second or fourth Tuesday of each month. ~~regular Board meetings.~~

Article ~~5~~4

FINANCE, AFFORDABILITY, ~~AND~~ ASSET MANAGEMENT, AND EFFICIENCY COMMITTEE

Sec.
2440. Day of Regular Meeting
2441. Duties and Functions

§ 2440. Day of Regular Meetings.

The regular meetings of the ~~Finance and Asset Management~~Finance, Affordability, Asset Management, and Efficiency (FAAME) Committee shall be held on the Monday preceding regular board meetings or on the second or fourth Tuesday of each month. ~~regular meetings.~~

§ 2441. Duties and Functions.

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

(a) Preparation of budgets;

(b) Policies and procedures related to budget development and cost containment;

(c) Sale of bonds and borrowing and repayment of money;

(d) Disposition and investment of funds;

(e) Authorization of appropriations, except appropriations for capital projects;

(f) The determination of revenues to be obtained through water transactions, including, but not limited to, sales, exchanges, and wheeling of water, water standby or availability of service charges, and the levying of taxes;

(g) The financial impact and requirements of policies concerning annexation;

(h) The financial aspects of the District's risk management program;

(i) Questions pertaining to insurance coverage and self-insurance;

(j) The selection of financial and insurance consultants and the determination of the scope of their assignments;

(k) Form and contents of accounts, financial reports, and financial statements;

(l) Proposed amendments to the Metropolitan Water District Act affecting the finance and asset management functions of the District;

(m) Goals and objectives related to financial planning for Metropolitan, including but not limited to revenues, operating expenses, reserve policies, internally funded construction, debt management, investments and capital financing strategies;

(n) The prices and conditions governing water transactions, including, but not limited to, sales, exchanges, and wheeling sales of water;

(o) Costs and accounting procedures relating to the District's and other state water service contracts;

(p) Policies regarding water transactions, including, but not limited to, the sale, exchange, and wheeling of water for various uses;

(q) Policies regarding allocation of water standby or availability of service revenue requirements among member public agencies;

(r) Water standby or availability of service charges within the District;

(s) Determinations by the General Manager with respect to appeals concerning charges for water service, including readiness-to-serve charges and capacity charges, and report its recommendations, as appropriate, to affirm or reverse the General Manager's determinations;

(t) Appeals from determinations by the General Manager to deny or qualify an application for exemption from the water standby charge, and report its recommendations, as appropriate, to affirm or reverse the General Manager's determinations;

(u) The purchase, management and disposition of personal property assets such as equipment and vehicles;

(v) Facility master plans, including budgeting for capital improvements and long-term facilities commitments;

(w) Proposed rules and proposals regarding business development opportunities for real property;

(x) Policies for the acquisition of rights-of-way;

(y) The purchase, sale, and leasing of land and buildings, including the District's various office and garage space needs;

(z) The incidental use of land in farming operations and otherwise;

(aa) The operation and maintenance of buildings;

(bb) The development, oversight, and coordination of recreational facilities at Diamond Valley Lake and Lake Skinner;

(cc) The use of proceeds from the sale or disposition of surplus property related to Diamond Valley Lake and Lake Skinner for recreational purposes;

(dd) Annexations and annexation policies including the requirements, procedures, terms and conditions for annexation.

Article 6~~5~~

LEGAL AND CLAIMS COMMITTEE

Sec.
2450. Day of Regular Meetings
2451. Duties and Functions

§ 2450. Day of Regular Meeting.

The regular meetings of the Legal and Claims Committee (LC) shall be held on the Monday preceding regular board meetings or on the second or fourth Tuesday of each month. ~~regular Board meetings.~~

Article 7~~6~~

THE LEGISLATION AND COMMUNICATIONS COMMITTEE

Sec.
2460. Day of Regular Meeting
2461. Duties and Functions
2462. Vice Chairs.

§ 2460. Day of Regular Meeting.

The regular meetings of the Legislation~~, Regulatory Affairs~~ and Communications (LEG) Committee shall be on the Monday preceding regular board meetings or on the second or fourth Tuesday of each month. ~~regular board meetings.~~

§ 2461. Duties and Functions.

The Legislation and Communications Committee shall study, advise and make recommendations to the Board with regard to:

(a) Proposals of the General Manager, other committees, and board members concerning State and Federal legislation or amendments thereto, that may affect the District;

(b) Recommendations for new legislation identified by members of the Board or the General Manager;

(c) Opportunities for members of the Board to assist in outreach activities, including efforts to inform members of the Legislature or the Congress of the District's position with regard to proposed legislation;

(d) The effectiveness of legislative and administrative advocacy efforts by staff and members of the Board;

(e) The development and implementation of Directors' inspection trips, including the expectations and goals for these trips;

(f) The development and implementation of school education programs, including the expectations and goals for these programs;

(g) The effectiveness of Metropolitan's external affairs programs and general communications efforts directed at member agencies and the general public; and

(h) The selection of public information consultants and the scope of their assignments.

§ 2462. Vice-Chairs.

The Board Chair shall designate two Vice Chairs for the committee, one to preside over legislative affairs, the other over communications matters.

Article 8~~7~~

~~ETHICS, ORGANIZATION AND PERSONNEL~~ ORGANIZATION, PERSONNEL AND EFFECTIVENESS COMMITTEE

Sec.
2470. Day of Regular Meeting
2471. Duties and Functions

§ 2470. Day of Regular Meeting.

The regular meetings of the ~~Ethics, Organization and Personnel~~ Organization, Personnel and Effectiveness (OPE) Committee shall be held on the Monday preceding regular board meetings or on the second or fourth Tuesday of ~~regular board meetings~~ each month.

§ 2471. Duties and Functions.

The ~~Ethics, Organization and Personnel~~ OPE Committee shall study, advise and make recommendations with regard to:

(a) The form of the District's organization and the flow of authority and responsibility;

(b) Periodic independent reviews and studies of the organization, classification of positions, job duties, salaries, and salary ranges;

(c) Relations between the District and its employees, including all matters affecting wage, hours, pension plans and other employee benefits, and other terms and conditions of employment, as well as the district's negotiation of such matters with employee bargaining units and selection of negotiators;

(d) Areas of special concern to the District and its employees, including, but not limited to work rules pertaining to the health and safety of employees;

(e) Policies and rules regarding employment, discipline and discharge of District officers and employees;

(f) Proposed amendments to the Metropolitan Water District Act and Administrative Code affecting contract procedures and policies, the organization and personnel policies of the District and to the Public Employees' Retirement Law;

(g) Information technology strategies, projects and activities, including information technology asset management and the budgeting and tracking of information technology resources; and

~~(h) Annual overall coordination of the Department Head Evaluation Program.(i) Periodic performance expectations discussions, including progress checks, with the Ethics Officer.~~

~~(j) Monitoring and overseeing the duties and responsibilities of the Ethics Officer to ensure the independence of the Ethics Officer.~~

~~(k) Receive and review bi-monthly status reports of pending investigations by the Ethics Officer. The reports shall include the general nature and status of the investigation, how long the investigation has been pending, when the investigation is expected to be completed and, when completed, resolution of the investigation.~~

~~(l) Receive and review quarterly reports from the Ethics Officer on any engagement of professional and technical consultants.~~

~~(m) Review and approval of the business plan containing the key priorities for the coming year for the Ethics Office. It shall review and approve the business plan in advance of the July Board meeting.~~
(h) Oversight of workforce training programs, including strategic planning, needs assessment, program design and development, and metric-based evaluation.

(i) Recruitment of top-tier talent throughout the District and securing leaders with exceptional skills, qualities, and abilities.

(j) Policies and procedures concerning District personnel matters.

Article 9~~8~~

ONE WATER AND ~~STEWARDSHIP~~ ADAPTATION COMMITTEE

Sec.
2480. Day of Regular Meeting
2481. Duties and Functions

§ 2480. Day of Regular Meeting

The regular meetings of the One Water and ~~Stewardship~~ Adaptation Committee (OWA) shall ~~hold regular meetings on an as-needed basis.~~ be held on the Monday preceding regular board meetings or on the second or fourth Tuesday of each month.

§ 2481. Duties and Functions

The ~~One Water and Stewardship~~OWA Committee shall have oversight over the planning, prioritization, and funding of any current or future regional demand management or any regional or local supply projects within the Metropolitan service area receiving funding from Metropolitan, such as the Regional Recycling Project and local projects funded through Metropolitan's Local Resources Program. The c~~C~~ommittee shall review and consider:

(a) Establishing policies and programs regarding water conservation and reuse, watershed management, storm water capture and management, recycling, sustainable groundwater management and protection, underground storage, and use thereof;

(b) Seawater desalination, recycling and reuse, and brackish water issues in Metropolitan's service area, and use thereof;

(c) Overseeing development and implementation of Metropolitan's Local Resources Program and Conservation Program and other efforts to meet local supply and water use efficiency goals;

(d) The effect of existing and proposed federal, state and local environmental, water supply and water management statutes and regulations on supplies produced or that may be produced within the District's region;

(e) Recommendations for comprehensive solutions to regional supply problems with the intent to increase water reliability, cost effectiveness, and environmental benefit;

(f) Expanding Metropolitan's understanding of regional water supply issues by inviting informational presentations and feedback from external representatives;

(g) Recommendations to the Board on policies and programs that will strengthen relationships with other agencies in furthering Metropolitan's objectives for increased regional self-reliance and greater water use efficiency;

(h) Creating opportunities for collaboration to advance the development of local supplies and achieving greater water use efficiency;

(i) Coordinating and aligning new water supplies, local resources projects and programs, and investments with other Metropolitan strategic priorities and initiatives;

(j) Developing criteria for the prioritization of investments in new water supplies;

(k) Policies, sources, and means of importing and distributing water, transferring water, and wheeling water as required by the District;

(l) Policies and procedures regarding the delivery and exchange of water for various uses;

(m) Metropolitan Water Supply Planning including the Integrated Resources Planning Process and completion of the Urban Water Management Plan and related policies; and

(n) Environmental compliance and requirements, and informing the technical aspects and science factors in providing comments to regulatory agencies and legislation affecting the regulation of water supply operational facilities and the conditions that they operate under.

Article 10~~9~~

COMMUNITY AND WORKPLACE CULTURE COMMITTEE

Sec.
2490 Day of Regular Meeting
2491 Duties and Functions

§ 2490. Day of Regular Meeting

The regular meetings of the ~~Equity, Inclusion and Affordability~~ Community and Workplace Culture (CWC) Committee shall ~~hold regular meetings on an as-needed basis~~be held on the Monday preceding regular board meetings on the second or fourth Tuesday of each month.

§ 2491 Duties and Functions

The CWC Committee shall study, advise and make recommendations, as follows:

(a) With regards to ethics matters:

(1) Periodic performance expectations discussions, including progress checks, with the Ethics Officer.

(2) Monitoring and overseeing the duties and responsibilities of the Ethics Officer to ensure the independence of the Ethics Officer.

(3) Receive and review bi-monthly status reports of pending investigations by the Ethics Officer. The reports shall include the general nature and status of the investigation, how long the investigation has been pending, when the investigation is expected to be completed and, when completed, resolution of the investigation.

(4) Receive and review quarterly reports from the Ethics Officer on any engagement of professional and technical consultants.

(5) Review and approval of the business plan containing the key priorities for the coming year for the Ethics Office. It shall review and approve the business plan in advance of the July Board meeting.

(b) With respect to matters of equal employment opportunity and of diversity, equity and inclusion:

(1~~a~~) Direct and receive reports from, and be the home committee for Metropolitan's Diversity, Equity and Inclusion Officer, and Metropolitan's Chief Equal Employment Opportunity Officer;

(2~~b~~) Receive input, policy and procedure recommendations from the Diversity, Equity and Inclusion Officer;

(3~~c~~) Study diversity, equity, and inclusion issues within Metropolitan to recommend ways to enhance and promote equal opportunity, affirmative action, increased diversity of the workforce and a culture of inclusion within Metropolitan;

(4~~d~~) Monitor performance of efforts to ~~P~~promote workforce development programs, including training and advancement opportunities at Metropolitan to increase diversity, equity and inclusion within Metropolitan and benefit the communities within Metropolitan's service area; and

(5~~e~~) Study areas of special concern to the District and its employees, including, but not limited to, equal employment opportunity and affirmative action.

(6~~f~~) Study, advise and make recommendations on the ways the District can:

(i~~1~~) Better serve the disadvantaged and underserved communities within Metropolitan's service area, and mitigate issues of affordability;

(ii~~2~~) Improve the access of disadvantaged and underserved communities to reliable, high-quality drinking water supplies;

(iii~~3~~) Increase participation of currently underserved communities in Metropolitan's rebate, conservation, and other local resources programs; and

(iv4) Assist and support member agency programs and advocate for underserved communities, including providing communications, operational and technical assistance, with focus on consumer confidence in drinking water.

(7) Monitor Metropolitan's compliance with laws governing equal opportunities and employment and the manner in which investigations are conducted in compliance with such laws.

Division IV

WATER SERVICE POLICIES

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 and Asset Management~~ 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 ~~Finance and Asset Management~~ 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), 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 ~~the Finance and Asset Management C~~said committee has determined to be necessary.

(c) Not later than its February meeting the ~~Finance and Asset Management~~FAAME Committee shall set a time or times for, and shall thereafter hold, one or more meetings of ~~the Finance and Asset Management Committee~~said committee, to be held prior to its regular April meeting, at which interested parties may present their views regarding the proposed water rates and availability of service charges to ~~said~~the committee. The ~~Finance and Asset Management~~

cCommittee shall direct the General Manager to cause the publication of a notice of such public hearing to be published in newspapers of general circulation within the District's service area. Such notice shall be published not less than 10 days prior to the public hearing.

(d) Not later than its regular April meeting the ~~Finance and Asset Management~~ FAAME Committee shall make its determination regarding the revenue requirement to be paid from water rates and the water rates to become effective each January 1 of the biennial period and shall recommend said water rates to the Board no later than the Board's regular April meeting.

(e) Not later than its April meeting, the Board shall establish water rates for deliveries beginning each January 1 of the biennial period.

(f) Proposals for changes in water rates to become effective at times other than on January 1 shall require adequate notice to the public and a hearing before such proposals are acted upon by the Board, unless the Board finds that an immediate change in water rates is urgent.

§ 4305. Setting of Charges to Raise Fixed Revenue.

(a) Not later than its regular May meeting each year, the ~~Finance and Asset Management~~FAAME Committee shall make its final determination regarding the water standby charge or other fixed revenue charge, if any, for the fiscal year beginning the following July 1, and shall recommend such charge, if any, to the Board at its regular May meeting.

(b) Not later than such May meeting, the Board shall consider and take action upon the recommendations, if any, of the ~~Finance and Asset Management~~FAAME cCommittee regarding a fixed revenue source, exclusive of taxes, to become effective the following January 1 or for the fiscal year beginning the following July 1, as determined by the Board for each fixed revenue source.

Chapter 5

WATER SERVICE REGULATIONS - GENERAL

§ 4507. Billing and Payment for Water Deliveries.

(a) **Timeframe for Billing and Payment.** Except as noted herein below, invoices shall be mailed electronically, or, if requested by the member agency, by hardcopy via United States mail, not later than the tenth day of the month following delivery to a member public agency. Each such invoice shall indicate the date of mailing and the date on which the payment thereunder becomes delinquent and shall show the total amount of water delivered for each class of service, the charges for water sold and delivered for each class, the readiness-to-serve and capacity charges, as applicable, and the total amount due and owing, all as determined by the General Manager. Payment of the amount shown on any such invoice shall be due on the last business day of that month and shall be delinquent if not received by the Treasurer of the District before the close of crediting activity on the last business day of the first month following such

date of mailing. When making any such payment the member public agency shall specify the invoice or invoices to which the payment shall be credited by the District.

(1) For purposes of Section 4507(a), "business day" shall mean any day other than a Saturday, a Sunday, or a Holiday (as defined in Section 1106).

(2) For purposes of Section 4507(a), "received by the Treasurer of the District" shall mean receipt either (1) in the office of the Treasurer or (2) by crediting pursuant to advance agreement with the Treasurer to the District's general demand account at the District's principal depository bank, in such form that the funds are immediately available for investment or other use or disposal by the District.

(3) For purposes of Section 4507(a), "crediting activity" shall mean either (1) 2:00 p.m. if payment is delivered to the office of the Treasurer, or (2) the cutoff time for crediting by the District's principal depository bank of that day's transactions if payment is initiated by wire transfer, automated clearinghouse transfer, interbranch transfer, direct deposit, or by other means pursuant to advance agreement with the Treasurer.

If, under advance agreement with the Treasurer, a member agency has authorized payment of any invoice by automated clearinghouse transfer initiated by the Treasurer, the Treasurer shall initiate such transfer for processing two business days prior to the business day on which such payment shall be delinquent. Failure of such transfer shall not relieve such member agency from liability for such payment or charges in the event such payment should become delinquent, except as specifically provided under advance agreement with the Treasurer.

(b) **Full Service and Emergency Storage Program Facility.** In cases where water through a particular facility is delivered during any month for full service or Emergency Storage Program Service, the bill for water delivered in such month will be prepared by applying the rates for water sold and delivered in full service to the total quantity of water delivered. If the member public agency desires to receive credit for water used in Emergency Storage Program Service, the facts concerning the quantities of water so used must be certified to the District via the District’s electronic certification and billing system by an authorized user for the member public agency purchasing such water as provided for in Section 4507 (c). The amount of such credits shall be based on the difference in water rates in effect at the time the water is used.

(c) **Late Certifications.** Based on available information, the District will notify a member agency for any certification that it has not received, if known, three months from the end of the month for which the agency would normally certify. No certification received after six months following the end of any month in which such a credit is claimed will be accepted. Certifications must be received by Metropolitan before 3:30 p.m. on the third working day after the end of the month to receive credit for any preceding month on the next bill, subject to the provisions with respect to late certifications in this Section. This Section applies to all cases where a certification is required to receive a credit, whether or not specifically named in this Section, unless otherwise provided by this Code.

(d) **Determination by General Manager as to Type of Delivery.** In the event the respective quantities of water sold and delivered in any month on order of any member public agency for use therein in any water program or contract requiring certification, are not determinable to the satisfaction of the General Manager in time for preparing regular monthly bills, then billing and payment for all water sold and delivered in such month to such member public agency shall be made at the rates prescribed for water used in full service in Section 4401(a)(1) hereof. Upon the determination by the General Manager of the correct quantities of water sold and delivered and used in any water program or contract requiring certification, any adjustment which is necessary to give effect to the applicable credit for the water used in any water program or contract requiring certification, shall be made by application of credits on subsequent purchases of water from the District by such member public agency. Such adjustments shall not be made in cases where a claim for the applicable credit is not submitted within the period provided in Section 4507(c).

(e) **Obligation to Pay for Appropriate Class of Service.** If water has been sold and delivered at the rates prescribed for water sold in any water program or contract and appropriate certifications have been submitted for the water so used, but the water has in fact been used in full service or another class of service, the member public agency shall be obligated to pay the difference between the rates prescribed for water sold for the applicable water program or contract and the rates prescribed for the class of service actually used.

(f) **Submission of Documentation by Member Agency.** With respect to water sold and delivered at the rates prescribed for water sold under water programs or contract (unless otherwise specified in an agreement with the District), original documentation supporting the use of such water as certified must be submitted no later than December 31 following the end of the fiscal year for which a certification is submitted, unless otherwise specified in an agreement with the District. If the documentation is not submitted by December 31 following the end of the fiscal year for which a certification was submitted, an agency will receive a late penalty of $2,500. If the agency does not submit documentation by February 28/29 following the end of the fiscal year for which a certification was submitted, it shall be conclusively presumed that:

(1) The water sold from the District was used for full service, and the District's next monthly billing shall reflect such adjustment; or

(2) The yield was not produced as certified and the District's next monthly billing shall reflect such adjustment.

This provision will apply individually to each program or agreement that an agency or sub-agency participates in separately.

(g) **Review Process.** With respect to water sold and delivered at the rates prescribed for water sold under water programs or contract (unless otherwise specified in an agreement with the District) the District will complete its review within twelve months from date of receipt of the original supporting documentation.

(1) Should the District not complete its review within twelve months of the submittal of all source documentation, the review will be considered complete and the certifications final.

(2) When the review is completed, the District will notify the member agency of its initial findings for its comments. The member agency will provide its comments within 60 days. Metropolitan staff and the agency will work together to reconcile any differences.

(3) If the member agency and Metropolitan staff cannot reconcile the differences, Metropolitan's Water System Operations' Group Manager has the responsibility to consult with the member agency and make a final ruling, subject to the General Manager's oversight. If the ruling is unsatisfactory to the agency, it can be appealed to Metropolitan's ~~Finance and Asset Management~~ Finance, Affordability, Asset Management, and Efficiency Committee.

(4) If the member agency does not provide further documentation correcting Metropolitan staff findings within the 60-day comment period as specified in (g) (2), then it shall be conclusively presumed that the District's findings are correct and the District's next monthly billing shall reflect such adjustment.

(h) **Discovery of Mistakes or Errors.** In the event a mistake or error is discovered in a District water sales record, the General Manager shall initiate appropriate corrective action. No mistake or error made more than three years prior to its discovery shall be corrected unless otherwise specified in an agreement with the District. In the event a mistake or error is discovered by a member agency in its water sales record or certifications, no mistake or error made more than three years prior to its discovery shall be corrected unless otherwise specified in an agreement with the District.

(1) A District water sales record shall include a water billing invoice, or district invoice for other water-related charges.

(2) If the District finds the mistake or error, the discovery of the mistake or error shall be documented in writing to the member agency. The date of discovery for corrective action purposes shall be the date notice is sent to the member agency.

(3) If the member agency discovers the mistake or error, the discovery of the mistake or error shall be documented in writing to the District by either a revised certification form or letter, whichever is applicable. The date of discovery for corrective action purposes shall be the date the certification or letter is received by the District.

(4) If an incorrect invoice has been issued to a member public agency, the General Manager shall notify the affected agency of any adjustment and the manner of making any required credit or charge, neither of which shall bear interest.

(5) Mistakes or errors shall also include but are not limited to mistakes or errors in metering or recording deliveries to member agencies, entry or calculation errors in fixed charges, discovery of errors in either a member agency or sub-agency submitted certification(s), or processing of a certification(s) for the Local Projects Program, the Local Resources Program, the Groundwater Recovery Program, Conservation Credit Program, or any other water management program or storage programs or agreements unless specified otherwise in the contract.

(6) Any mistakes or error for a fiscal year period that is less than five acre-feet cumulative by agency or sub-agency, by program or agreement, shall be waived.

(i) **Rate Change.** In the event that deliveries of water are made by the District to member public agencies over a billing period during which the District's water rates change, the General Manager may cause the meters recording deliveries of water during such period to be read at the end of the period and the statement of charges for such deliveries of water may be based on a proration between the previous and new water rates for the periods of time during which each were in effect as determined by the General Manager.

Division V

FINANCIAL MATTERS

Chapter 1

ADMINISTRATIVE MATTERS

§ 5104. Payment After Loss of Bond Interest Coupon.

(a) The Treasurer of the District is authorized to effectuate payment, without action of the Board, of a claim arising from the loss of a bond interest coupon that has been detached from a District bond or from the destruction of a bond interest coupon at any time after the date of its maturity, and the Treasurer has received:

(1) An affidavit or affidavits establishing the ownership of the coupon and reciting therein the circumstances under which it was lost or destroyed; and

(2) An indemnity bond in a penal sum which is at least the amount of the claim, said sum being specifically stated in said bond, said bond to be approved by the General Counsel and then filed with the Treasurer. The indemnity bond must include a rider substantially in the form hereinafter set forth:

(i) Rider.

This Rider is attached to and is a part of the Bond of Indemnity executed by the (enter name of insurance company) respecting the loss of coupons due

coupons at $ per coupon - total $, detached from $ Bonds of THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, numbered to , %, maturing , at $ each bond in bearer form.

It is understood and agreed that in the event the balance in the coupon account respecting the above-described issue of bonds, maintained by the Treasurer of said District, should hereafter not be sufficient as a result of the payment of coupon(s) to provide for outstanding unpaid coupons, (enter name of insurance company) will reimburse The Metropolitan Water District of Southern California, up to the face amount of the coupon(s) paid under this indemnity contingent upon presentation by said District of (a) evidence that said District has paid the afore-described coupon(s) or (b) a certificate from the Treasurer of said District that there is a deficiency in said coupon account balance.

It is understood that within the first year after the due date of the afore-described coupon(s) that (enter name of insurance company) may request that the Treasurer of said District search the District's records to ascertain if in fact the afore-described coupon(s) have been paid, but any such request shall only be honored by said Treasurer upon payment by (enter name of insurance company) of any fee required by said Treasurer to cover costs of such search.

Executed this day of , 20 .

(enter name of insurance company)

(b) The Treasurer shall report to the ~~Finance and Asset Management~~ Finance, Affordability, Asset Management, and Efficiency Committee all payments made pursuant to this Section 5104.

§ 5105. Lost or Destroyed Bonds.

(a) The Treasurer of the District is authorized to issue a new District bond or bonds similar to the original to replace it if the Treasurer has received:

(1) Proof satisfactory to the Treasurer that the bond has been lost or destroyed; and

(2) Security approved by the Treasurer and the General Counsel from the owner indemnifying the District against any loss incurred on account of the bond, such security to be equal to the principal amount of the bond and plus the aggregate amount of any attached interest coupons; and

(3) The costs for issuance of the new bond.

(b) The Treasurer shall report to the ~~Finance, Audit, Insurance and Real Property~~FAAME Committee of the Board all issuances of duplicate bonds made pursuant to this Section 5105.

§ 5107. Biennial Budget Process.

(a) There shall be prepared each even-numbered year, under the direction of the General Manager, a proposed biennial budget covering District operations for the following two fiscal years. The proposed biennial budget shall be submitted to the Board no later than the date of the regular Board meeting in June immediately preceding the first fiscal year of the biennium to which the budget applies. The proposed biennial budget shall indicate by fund all anticipated expenses and required reserves and the source of revenues to be used to meet such expenses and provide such reserves. The proposed biennial budget will at a minimum include a five-year financial forecast. At least one Board Workshop on the proposed biennial budget will be conducted prior to submission of the proposed biennial budget for Board approval. The ~~Finance and Asset Management~~FAAME Committee shall review the proposed biennial budget in its entirety, together with the recommendations from the Board workshop, and report its recommendations to the Board.

(b) After considering the proposed biennial budget and making any revisions thereto that it may deem advisable, the Board shall adopt the biennial budget before the beginning of the biennial period to which the budget applies. The amounts provided in the adopted budget for the biennial period for total expenses for operations and maintenance, including minimum and variable operations and maintenance charges under water or power contracts with the State, for capital charges under such contracts, and for debt service shall be deemed to be appropriated from the funds indicated in the budget.

(c) The adoption of the budget shall have no effect upon appropriations for capital projects and continuing expenditures not susceptible to immediate direct allocation, as described in Section 5108 hereof, and shall not establish any limitations on expenditures for such purposes.

(d) The total operations and maintenance budget shall be measured against the regional rate of inflation as measured by the five-year rolling average change in the Consumer Price Index (CPI) for the Los Angeles-Riverside-range County area, not seasonally adjusted, for all items as reported by the U. S. Bureau of Labor Statistics. The budget will include explanations of increases greater than the CPI due to unique conditions, growth or expansion of services.

Chapter 3

SHORT-TERM REVENUE CERTIFICATES

§ 5305. Report of Exercise of Authority.

The General Manager shall report to the next following meeting of the ~~Finance and Asset Management~~ Finance, Affordability, Asset Management, and Efficiency Committee of the Board any exercise of authority pursuant to this Chapter.

Division VI

PERSONNEL MATTERS

Chapter 1

EMPLOYEE RELATIONS

Article 2

REPRESENTATION PROCEEDINGS

§ 6113. Appeals.

(a) An employee organization aggrieved by an appropriate unit determination of the Employee Relations Officer; or an employee organization aggrieved by a determination of the Employee Relations Officer that a Recognition Petition (Section 6105), Challenging Petition (Section 6107), Decertification Petition (Section 6109), Unit Modification Petition (Section 6111) --- or employees aggrieved by a determination of the Employee Relations Officer that a Decertification Petition (Section 6109) --- has not been filed in compliance with the applicable provisions of this Article, may, within twenty (20) days of notice of the Employee Relations Officer's final decision request to submit the matter to mediation by the State Mediation and Conciliation Service, or may, in lieu thereof or thereafter, appeal such determination to the ~~Ethics, Organization and Personnel~~Organization, Personnel and Effectiveness (OPE) -Committee for final decision within fifteen (15) days of notice of the Employee Relations Officer's determination or the termination of mediation proceedings, whichever is later.

(b) Appeals to the ~~Ethics, Organization and Personnel~~OPE Committee shall be filed in writing with the Board's Executive Secretary, and a copy thereof served on the Employee Relations Officer. The ~~Ethics, Organization and Personnel~~ said c~~C~~ommittee shall commence to consider the matter within thirty (30) days of the filing of the appeal. The ~~Ethics, Organization and Personnel~~ c~~C~~ommittee may, in its discretion, refer the dispute to a third-party hearing process. Any decision of the ~~Ethics, Organization and Personnel~~ c~~C~~ommittee on the use of such procedures, and/or any decision of the ~~Ethics, Organization and Personnel~~ c~~C~~ommittee determining the substance of the dispute shall be final and binding.

Article 5

MISCELLANEOUS PROVISIONS

§ 6121. Interpretation and Administration.

The General Manager shall have authority to interpret and administer provisions of this Chapter, subject to appeal to the ~~Ethics, Organization and Personnel~~ Organization, Personnel and Effectiveness Committee.

Chapter 2

PERSONNEL REGULATIONS

§ 6208. Pay Rate Administration.

(a) Pay rate schedules, as approved by the Board, shall include pay rate grades and pay rate ranges consisting of minimum and maximum rates of pay for each position. Except by action of the Board, or as provided in Section 6208(d), the hourly pay rate paid each employee shall be at least the minimum but not in excess of the maximum hourly pay rate prescribed for the applicable position. Notwithstanding any other provision of this section, the salaries of the department heads shall be fixed as a flat rate.

(b) Pay rates for Department Heads shall be individually fixed by the Board. Pay rates for all employees shall be fixed by their respective Department Heads within the ranges fixed by the Board for such positions in accordance with practices, policies and procedures promulgated by the General Manager. The Board at its August meeting will review each Department Head's salary and compensation after determining an overall performance rating for each Department Head, and make adjustments as appropriate, if any, based on salary comparisons, pay rate survey and/or performance, with any change to be effective at the beginning of the pay period that includes the prior July 1.

(c) Job descriptions in terms of duties and responsibilities shall be prepared by the Director of Human Resources for each position. Job descriptions for positions requiring appointment or approval of appointment by the Board shall be submitted to the Board for approval. Job descriptions for positions peculiar to the Legal or Audit Departments or Ethics Office shall be subject to approval of the General Counsel, General Auditor, or Ethics Officer as appropriate. It shall be the duty of Human Resources to insure that all employees are properly classified.

(d) The General Manager is authorized to provide for payment at a "Y" rate to any employee whose position is reclassified to a position in a lower pay rate or the pay rate of whose position is reduced and the General Manager may maintain the employee at a "Y" rate until such time as the General Manager deems the "Y" rate to be no longer justified. As used herein, "Y" rate means a pay rate higher than the highest rate applicable to the employee's position.

(e) New employees, upon entering District service, will be placed by the Director of Human Resources at a salary grade and step within the salary range appropriate for the position available and the applicant's qualifications. Employees who are promoted to a position in a higher range shall be paid at least the minimum of such range but not more than four steps over their prior rate or the fifth step of the higher pay rate range, whichever is higher, but not in excess of the maximum rate specified for the position to which promoted. New employees are

eligible for a merit increase after completion of a six-month probationary period. The eligibility date for subsequent merit reviews shall be 12 months from the most recent merit increase, promotion or demotion, whichever is later. Employees at the top step of the pay range will not be eligible for any merit increase. Merit increases will be awarded as provided for by Section 6211.

(f) Pay rates for temporary employees in District service are the rates paid to regular employees in the same classifications.

(g) Subject to Section 6211, the performance of regular employees other than Department Heads, will be annually reviewed by their Department Heads to determine eligibility for merit increases under evaluation procedures, guidelines and rules developed by the General Manager. Changes in pay rate ranges approved by the Board have no effect upon these limitations.

(h) Pay Rate Survey.

(1) As needed, the General Manager has the authority to cause a survey to be made of rates of pay and benefits of employees of other organizations specified by the Board, and may thereafter recommend to the Board revisions in the pay rate structure and benefits for employees. The survey need not include positions for which pay rates are established pursuant to a memorandum of understanding approved by the Board which is in effect for the entire calendar year. Action, if any, on the pay rate survey may be taken at the same meeting the survey information is presented or at a subsequent meeting. The General Counsel, General Auditor and Ethics Officer may also recommend to the ~~Ethics, Organization and Personnel~~Organization, Personnel and Effectiveness Committee revisions regarding positions peculiar to their own departments.

(2) The list of agencies to be used in the District's pay rate survey may include the following:

County of Los Angeles
East Bay Municipal Utility District
Los Angeles Metropolitan Transportation Authority
Los Angeles County Sanitation District
Los Angeles Department of Water & Power
Orange County Water District
San Diego County Water Authority
San Francisco Public Utilities Commission
State Department of Water Resources

The nine comparator agencies were selected by comparing the following factors: Industry (type of utility), total number of units managed, population served, total number of employees, total assets, net operating income, gross revenue, and total service area (square miles).

(i) For temporary construction personnel employed under authority of Section 6207(c), the General Manager is authorized to fix the hourly rates of pay at least equal to, but not more

than 20 percent higher than, those so determined by the Board to be prevailing in the county in which such personnel primarily will be engaged.

§ 6209. Discharge.

(a) Unclassified employees, other than executive officers and their principal assistants, may be removed by their respective Department Heads, but may appeal such removal to the ~~Ethics, Organization and Personnel~~OPE Committee. The decision of the Committee will be final unless the Committee chooses to refer the appeal to the Board.

(b) Probationary employees serve at the pleasure of their respective Department Heads. Classified employees may be discharged, for cause, immediately by their respective Department Heads. When immediate discharge is not deemed appropriate, written notice shall be given at least 14 calendar days in advance of discharge for probationary employees and at least 30 calendar days in advance of discharge for other classified employees.

(c) Regular non-probationary classified employees who are discharged are afforded the due process rights provided under Section 6218 of this Code or as provided in the applicable memorandum of understanding.

Chapter 3

GENERAL EMPLOYEE MATTERS

Article 1

EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION

§ 6304. General Manager's Report on Equal Employment Opportunity Policy and Affirmative Action Program.

Annually, the General Manager shall report to the ~~Equity, Inclusion and Affordability~~ Community and Workplace Culture Committee on the status of the equal employment opportunity policy and affirmative action program.

Chapter 4

OFFICERS

Article 2

GENERAL MANAGER

§ 6416. Annual Report to Executive Committee

The General Manager shall annually submit to the Executive Committee a business plan containing the General Manager's key priorities for the coming year. The business plan shall be submitted in conjunction with similar plans by the General Auditor to the Executive Committee and the Ethics Officer to the ~~Ethics, Organization and Personnel~~ Community and Workplace Culture Committee and the General Counsel to the Legal and Claims Committee.

Article 3

GENERAL COUNSEL

§ 6436. Annual and Quarterly Reports to Legal and Claims Committee.

(a) The General Manager and General Counsel shall report quarterly to the Legal and Claims Committee the exercise of any power delegated to them by Sections 6433 and 6434. The General Counsel shall report quarterly to the Legal and Claims Committee the exercise of any power delegated to them by Section 6431.

(b) The General Counsel shall annually, in advance of the July Board meetings, submit to the Legal and Claims Committee a business plan containing the Legal Department's key priorities for the coming year for review and approval. The business plan shall be submitted in conjunction with similar plans by the General Manager to the Executive Committee and the General Auditor to the Executive Committee, and the Ethics Officer to the ~~Ethics, Organization and Personnel~~Community and Workplace Culture Committee.

Article 4

GENERAL AUDITOR

§ 6450. Powers and Duties.

(a) The District's independent internal auditing function is governed by provisions of the California Government Code and by policies established by the Board of Directors. The Executive Committee is responsible for the oversight of the internal auditing function, approving the Audit Department charter (subject to review and approval of the Board of Directors), selecting and overseeing the work of external auditors, and reviewing reports issued by both the internal and external auditors.

(b) The General Auditor manages the District's Audit Department and is responsible for formulating departmental policies and procedures; directing and evaluating the performance of work done by employees within the department, administering the internal records of the department; and administering the District's contract for external audit services. The General Auditor shall, annually in advance of the July Board meetings, submit to the Executive Committee an Audit business plan containing key priorities for the coming year for review and approval. The business plan shall be submitted in conjunction with similar plans by the General Manager to the Executive Committee, the General Counsel to the Legal and Claims Committee

and Ethics Officer to the ~~Ethics, Organization, and Personnel~~ Community and Workplace Culture Committee.

(c) The General Auditor shall report the findings, opinions, and recommendations which result from the performance of the duties outlined in paragraph 6450(b) to the General Manager, General Counsel and Ethics Officer for their information and appropriate actions. Whenever an audit report contains recommendations for corrective actions or changes in current practices, the General Manager, General Counsel, Ethics Officer or their designees shall respond to the General Auditor in an appropriate manner and within a reasonable time, indicating their views on the recommendations and proposed actions to be taken, if any.

(d) The General Auditor's reports on internal audit assignments shall be addressed to the Executive Committee. The General Auditor shall have the discretion to determine the form and content of such audit reports, subject to guidance by the Executive Committee. With the exception of those reports which the General Auditor deems to be urgent or confidential in nature, copies of all audit reports addressed to the Executive Committee shall be submitted to the General Manager and General Counsel for review and comment simultaneously to their submittal to the Executive Committee.

(e) The General Auditor shall transmit all reports issued by the District's external auditors to the Executive Committee and any other committees of the Board as may be applicable. Such transmittal letters should include any comments on the external auditor's reports that the General Auditor deems necessary.

(f) The General Auditor may receive requests from time to time from the other executive officers or committees of the Board to perform audit assignments which are not included in the approved annual Audit Business Plan. Similarly, the General Auditor may identify a need to include new assignments in the Audit Business Plan during the year. The General Auditor shall have sufficient latitude and discretion to include those new assignments in the annual Audit Business Plan as the General Auditor deems necessary based upon their professional judgement and available resources. Requests from other committees of the Board and individual Board members desiring specific audit assignments shall be submitted to the Audit ~~Subcommittee~~Committee for study, advise, and recommendation, or if such subcommittee is not currently in place, the Executive Committee. Once the audit assignment is approved by the Board, the General Auditor reserves the right to determine how to best fit the directed audit assignment into the Audit Business Plan. The reporting process for assignments requested by either executive management, by committees of the Board, or by individual Board members shall generally follow the process outlined in paragraphs 6450(c) or (d) previously.

(g) The General Auditor shall manage the work of the Audit Department in accordance with the Audit Department Charter. The General Auditor shall assess annually whether the purpose, authority and responsibility, as defined in this Charter, continue to be adequate to enable the Audit Department to accomplish its objectives.

Article 5

ETHICS OFFICER

Sec.
6470. Powers and Duties
6471. Authority to Obtain Professional Services
6472. Reports to ~~Ethics, Organization and Personnel~~ Community and Workplace Culture Committee

§ 6472. Reports to ~~Ethics, Organization and Personnel~~ Community and Workplace Culture Committee.

(a) The Ethics Officer shall annually, in advance of the July Board meetings, submit to the ~~Ethics, Organization and Personnel~~ Community and Workplace Culture (CWC) Committee a business plan for the Ethics Office containing key priorities for the coming year for review and approval.

(b) The Ethics Officer shall prepare quarterly reports to the ~~Ethics, Organization and Personnel~~CWC Committee on activities concerning agreements executed pursuant to the authority given to the Ethics Officer in Section 6471, and bi-monthly reports related to pending investigations as specified in Section 6470.

§ 6470. Powers and Duties.

The powers and duties of the Ethics Officer shall be as follows:

(a) The Ethics Officer shall report to the Board, through the ~~Ethics, Organization and Personnel~~ CWC Committee.

(b) The Ethics Officer shall oversee an Ethics Office staffed with professional, qualified persons.

(c) The Ethics Officer shall be free from political interference in fulfilling the responsibilities detailed in this article and in Division VII.

(d) The Ethics Officer shall have sole authority to interpret Metropolitan's ethics rules.

(e) The Ethics Officer shall propose amendments to the Administrative Code to the ~~Ethics, Organization and Personnel~~ CWC Committee for approval and adoption by the Board, relating to:

(1) Regulation of lobbying activities;
(2) Conflicts of interest and financial disclosure;
(3) Public notice and approval procedures for contracts of $50,000 or more;
(4) Disclosure of campaign contributions related to potential conflicts of interest;
(5) Such other ethics rules for application to board members, officers, employees, lobbyists, lobbying firms, and contractors as deemed appropriate.

(f) The Ethics Officer shall educate, train, provide advice and seek compliance from board members, officers, applicable employees, lobbyist, lobbying firms, and Metropolitan contractors and subcontractors concerning:

(1) The rules prescribed in Division VII;
(2) The Political Reform Act of 1974, as amended and applicable regulations;
(3) The conflict of interest rules of Government Code section 1090.

(g) The Ethics Officer shall investigate potential violations of ethics rules in Division VII by board members, officers, applicable staff, lobbyists, lobbying firms, and contractors consistent with the rules specified in Division VII. The Ethics Officer shall prepare status reports of pending investigations on a bi-monthly basis. The reports shall include the general nature and status of the investigation, how long the investigation has been pending, when the investigation is expected to be completed and, when completed, the resolution of the investigation.

(h) The Ethics Officer shall be the filing officer on behalf of the District to receive and file Statements of Economic Interest pursuant to the California Government Code and Section 7501 of this Administrative Code.

(i) The Ethics Officer shall have the authority to confer with the Chair of the Board and the Chair and Vice Chair of the ~~Ethics, Organization and Personnel~~CWC Committee for the purpose of seeking advice and feedback on any policy and operational matters, or feedback on investigative matters, subject to the confidentiality requirements in section 7412 of the Administrative Code.

(j) The Ethics Officer shall have the authority to obtain, and have unrestricted access to all functions, documents, records, property, personnel and other information requested as part of an Ethics Office complaint or investigation without waiving any privileges that may apply.

§ 6471. Authority to Obtain Professional Services.

(a) The Ethics Officer is authorized to contract for independent legal counsel as they deem necessary in fulfilling duties and responsibilities of the Ethics Office. The Ethics Officer may contract with one or more attorneys or law firms depending on the areas of expertise needed. The amount to be expended in fees, costs and expenses under any one contract in any one-year period shall not exceed $100,000. The General Counsel shall review such contracts solely for consistency with Metropolitan's contract requirements. The General Counsel shall not have the authority to deny the Ethics Officer's ability to contract with any given party.

(b) The Ethics Officer is authorized to contract for professional services of outside investigators and investigation firms to conduct investigations under the Ethics Officer's purview. The amount to be expended in fees, costs, and expenses under any one contract in any one-year period shall not exceed $250,000.

(c) The Ethics Officer is authorized to employ the services of other professional or technical consultants for advice and assistance in performing the duties assigned as may be

required or as deemed necessary, provided that the amount to be expended in fees, costs and expenses under any one contract in any one year shall not exceed $50,000.

(d) The Ethics Officer shall inform the ~~Ethics, Organization and Personnel~~CWC Committee whenever the authority granted under this section is exercised, and shall further report quarterly on activities concerning any agreements entered into under this section. Any such contracts shall be consistent with Metropolitan contract requirements and shall be reviewed by the General Counsel.

§ 6472. Reports to ~~Ethics, Organization and Personnel Committee.~~Community and Workplace Culture Committee.

(a) The Ethics Officer shall annually, in advance of the July Board meetings, submit to the ~~Ethics, Organization and Personnel~~ CWC Committee a business plan for the Ethics Office containing key priorities for the coming year for review and approval.

(b) The Ethics Officer shall prepare quarterly reports to the ~~Ethics, Organization and Personnel~~CWC Committee on activities concerning agreements executed pursuant to the authority given to the Ethics Officer in Section 6471, and bi-monthly reports related to pending investigations as specified in Section 6470.

Division VII

GOVERNMENTAL ETHICS

Chapter 4

INVESTIGATION BY THE ETHICS OFFICER

Article 1

AUTHORITY TO INVESTIGATE AND JURISDICTION

§ 7405. Investigations of Directors, General Manager, General Counsel, General Auditor, or Ethics Officer.

(a) The Ethics Officer shall retain an outside counsel or investigator to conduct any investigation of alleged violations of Metropolitan ethics rules by a Director, General Manager, General Counsel or General Auditor. The investigation shall be conducted in consultation with the Ethics Officer. The Ethics Officer shall, based on the results of the investigation, make the final determination as to whether a violation has occurred. Prior to retaining the outside counsel or investigator, the Ethics Officer shall notify the ~~Ethics, Organization and Personnel~~Community and Workplace Culture (CWC) Committee Chair, unless the Chair is the subject of the investigation, in which case the Vice Chair shall be notified.

(b) The Ethics Officer shall refer to the General Counsel any complaint of alleged violations of Metropolitan ethics rules by the Ethics Officer or any member of the Office staff. The General Counsel shall retain an outside counsel or investigator to conduct the investigation in consultation with the General Counsel. The General Counsel shall, based on the results of the investigation, make the final determination as to whether a violation has occurred. Prior to retaining the outside counsel or investigator, the General Counsel shall notify the CWC Committee ~~Ethics, Organization and Personnel Committee~~ Chair.

(c) The General Counsel shall review any contract with an outside counsel or investigator to ensure compliance with Metropolitan contracting requirements.

Article 2

PROCEDURES FOR INVESTIGATIONS

§ 7411. Investigation Timeframe.

(a) Investigations shall be conducted expeditiously and completed within 180 calendar days, except as provided in subparagraph (b). An investigation commences upon the Ethics Officer's determination to open an investigation, but in no event later than 30 calendar days from receipt of the complaint or referral.

(b) For good cause, an investigation may extend beyond 180 calendar days; provided, however, the Ethics Officer shall provide written notice to the subject of the investigation with an expected completion date. The Ethics Officer shall also notify the ~~Ethics, Organization and Personnel~~ CWC Committee Chair whenever an investigation extends beyond 180 calendar days and provide periodic updates on the status of the investigation thereafter.

(c) For purposes of the 180 ~~-~~calendar day period specified in this section, an investigation terminates upon service of the Ethics Officer's report upon the subject of the investigation, or upon notice of no violation given to the subject of the investigation, pursuant to section 7416.

§ 7412. Confidentiality of Investigations.

(a) Investigations by the Ethics Officer shall be confidential to the fullest extent possible.

(b) The Ethics Officer has the discretion to disclose information related to investigations for significant operational or safety reasons.

(c) The Ethics Officer shall not unnecessarily disclose the identity of the subject of a complaint, except as needed in furtherance of the investigation or otherwise provided by Article 3 of this chapter.

(d) During the investigation, the Ethics Officer shall advise the subject of the investigation, the complainant, and any witnesses of the confidentiality of the investigation.

(e) The Ethics Officer may confer with the Chair of the Board and the Chair and Vice Chair of the ~~Ethics, Organization and Personnel~~CWC Committee on any investigative matter subject to the following:

(1) The communications shall be for the purpose of feedback.

(2) The communications shall be confidential.

(3) The restrictions on interference with investigations in section 7129(d).

(f) The Ethics Officer shall, to the extent possible, protect the identity of any complainant.

Division VIII

CONTRACTS/DISTRICT PROPERTY

Chapter 2

DISTRICT PROPERTY

Article 4

DISPOSITION OF REAL PROPERTY

§ 8248. Disposal of Unnecessary Improvements.

(a) The General Manager is authorized to dispose of, in the manner the General Manager deems to be in the best interest of the District, any improvements that must be removed to make land acquired for District operations suitable for District use.

(b) The General Manager shall report quarterly to the ~~Finance and Asset Management~~ Finance, Affordability, Asset Management, and Efficiency (FAAME) Committee 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.

§ 8257. Quarterly Reports.

The General Manager shall report to the ~~Finance and Asset Management~~FAAME Committee quarterly on any real property sold pursuant to this Article.

Division II

PROCEDURES PERTAINING TO BOARD, COMMITTEES AND DIRECTORS

Chapter 2

BOARD OFFICERS

§ 2204. Delegation of Duties to Vice Chairs.

The Vice Chairs selected by the Chair shall act in the Chair's absence, failure or inability to act. The Vice Chairs shall have ex officio membership and may vote to break a tie and maintain a quorum. If the committee Chair and Vice Chair(s) of the committee are not present in person the Vice Chair may preside over the meeting.

Chapter 3

RULES GOVERNING COMMITTEES

§ 2310. Ad Hoc Committees.

Ad Hoc Committees may be created by the Board to undertake special assignments on behalf of the Board. An ad hoc committee shall exist for a specified term or until its special assignments are completed, whichever comes first, but its existence may be extended for an added term or added assignments by action of the Board. Unless otherwise specified, members of an ad hoc committee shall be appointed by the Chair of the Board and shall serve at the Chair's pleasure. Ad Hoc Committees shall provide reports to the Executive Committee as well as committees where the subjects are relevant.

Chapter 4

STANDING COMMITTEES

Article		Sec.
1	General	2400
2	Executive Committee	2410
3	Audit Committee	2420
4	Engineering, Operations and Technology Committee	2430
5	Finance, Affordability, Asset Management, and Efficiency Committee	2440
6	Legal and Claims Committee	2450
7	Legislation and Communications Committee	2460
8	Organization, Personnel and Effectiveness Committee	2470
9	One Water and Adaptation Committee	2480
10	Community and Workplace Culture Committee	2490

Article 1

GENERAL

Sec.
2400. Identification of Standing Committees
2401. Officers and Members of Standing Committees
2402. Regular Meetings

§ 2400. Identification of Standing Committees.

The Standing Committees of the Board of Directors are:

- Executive Committee (EXEC)
- Audit Committee
- Engineering, Operations and Technology Committee (EOT)
- Finance, Affordability, Asset Management, and Efficiency Committee (FAAME)
- Legal and Claims Committee (LC)
- Legislation and Communications Committee (LEG) `
- Organization, Personnel and Effectiveness Committee (OPE)
- One Water and Adaptation Committee (OWA)
- Community and Workplace Culture Committee (CWC)

§ 2401. Officers and Members of Standing Committees.

(a) Members, Chair, and Vice Chairs of standing committees with the exception of the Executive Committee shall be appointed subject to the approval of the Executive Committee and the Board on the basis that each director, with the exception of the Chair of the Board, serve on at least one standing committees, in addition to the Executive Committee. Such appointment shall be made by the Chair of the Board unless a new Chair-elect has been selected by the Board to take office on the next January 1, in which event appointment of Chair and Vice-Chairs of standing committees shall be made by the Chair-elect.

(b) Chair and Vice Chairs of standing committees with the exception of the Executive Committee are to be appointed in even-numbered years at the December meeting of the Board for a two-year term commencing on January 1 of odd-numbered years. No director shall be appointed to the same committee office for more than two consecutive full terms and a partial term immediately prior to the first term.

(c) The Chair of the Board or the Vice Chair acting in the Chair's absence per Section 2204, is a member ex-officio, with right to vote, of all standing committees, subcommittees, and special committees of the Board. However, the Chair (or the Vice Chair) shall not be considered a member of any committee of which the officer is a member ex-officio for the purpose of determining whether a quorum of the committee is present unless the Chair or Vice Chair is actually present at the meeting of the committee.

(d) The committee Chair's duties include presiding over meetings of the committee, with the exception that the committee may, by a majority vote, overrule parliamentary rulings of the Chair. Any Vice Chair of that committee may serve as the alternate presiding officer of committee meetings when the committee Chair is absent.

§ 2402. Regular Meetings.

The regular meetings of standing committees shall be held on the Monday preceding regular board meetings or on the second or fourth Tuesday of each month. The Audit Committee shall meet on a quarterly basis. If a scheduled meeting falls on a holiday designated in Section 1106, the meeting will be rescheduled to the next business day unless the Board selects an alternative date. Staff will adjust its schedule accordingly.

Article 2

EXECUTIVE COMMITTEE

§ 2410. Membership.

The Executive Committee shall consist of the Chair, Vice Chairs of the Board, Secretary, all past Chairs of the Board who are directors of the District, and the Chairs of the standing committees in addition to the Executive Committee, and four (4) additional directors as nonofficer members. In the absence of a committee Chair, a committee's Vice Chair shall serve as the alternate on the Executive Committee for the absent committee Chair.

§ 2416. Duties and Functions. [Executive Committee]

(a) The Executive Committee shall study, advise, and make recommendations with regard to:

(1) Public information for governmental and other entities and officials, and for the citizens of California regarding matters affecting the District's interests;

(2) Official dealings with the United States Government, the State of California or other states, member public agencies or their sub-agencies, foreign governments and other entities or persons in matters of public policy or other activities as deemed appropriate;

(3) Policies and procedures to be considered by the Board or committees thereof, except for policy matters within the jurisdiction of a specific standing committee;

(4) Matters relating to the Colorado River Board of California;

(5) Major policy issues to be considered by the Board, including proposed amendments to the Metropolitan Water District Act;

(6) Questions raised by the officers and staff in intervals between meetings of the Board and in unexpected situations and emergencies.

(7) The terms and conditions of employment of all consultants and advisors not within the jurisdiction of other committees;

(8) Resolution of conflicting committee recommendations pursuant to Section 2314;

(9) The progress of, and propose modifications to, the Board's goals in light of then existing and projected future conditions; and

(10) Such other matters as may be required by Division II of this Code.

(b) The Executive Committee shall:

(1) Review and approve board and committee agendas and, notwithstanding the jurisdiction of the other standing committees in the Code, have the authority to direct which committee shall consider an item;

(2) Review and approve the scheduling of board and committee meetings;

(3) Be responsible for the oversight and management of the organization including, but not limited to, the form of the District's organization and the flow of the authority and responsibility. This includes monitoring and overseeing the duties and responsibilities of management; and

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

(c) The Executive Committee shall retain ultimate responsibility for those duties as are specifically assigned to the subcommittees of the Executive Committee.

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

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

(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 8150(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 8150(b). The decision of the committee shall be final unless the committee chooses to refer the notice of protest to the Board.

(ii) The Chair of the Executive Committee may re-delegate duties provided for under subparagraph (i) above to a minimum of three members of the Executive Committee who shall act in place of the committee.

(4) Resolve disputes over inspection dates and monitor conduct of inspection trips to assure maximum effectiveness.

(5) Address substantiated allegations of discrimination, harassment, and retaliation against directors, the General Manager, General Counsel, General Auditor, and Ethics Officer:

(i) The Executive Committee shall create an ad hoc subcommittee of three members and two alternates that will serve for a period of one year to address substantiated findings of violations determined as a result of Equal Employment Opportunity (EEO) investigations conducted for alleged violations of Section 2131 made against a director and for alleged violations of Section 6305 made against the General Manager, General Counsel, General Auditor, or Ethics Officer. If any director serving on the three-member subcommittee is an involved party to an EEO investigation, or has a conflict of interest with any involved party, the conflicted director shall recuse themselves from the matter. The Chief EEO Officer (EEO Officer) will select an alternate director to fulfill all subcommittee duties related to the particular matter. If the EEO Officer has a conflict of interest in the same matter, the Ethics Officer and/or General Counsel will select an alternate director. Directors serving as alternates will not participate in ad hoc committee matters unless or until called to serve.

(ii) The Executive Committee will also select an external law firm to serve as counsel to the ad hoc subcommittee to provide guidance, as needed, for post investigation actions.

(iii) The ad hoc subcommittee shall delegate to the EEO Officer the responsibility to designate an external investigator to conduct a fact-finding EEO investigation pursuant to this section. ALL EEO investigations will be fair,

impartial, timely, and promptly initiated and completed by qualified personnel. Detailed EEO investigative procedures, pursuant to this section can be found in *EEO Investigative Procedures for the Board and its Direct Reports*. The EEO Officer shall refer substantiated findings of EEO investigations to the ad hoc subcommittee to determine recommended appropriate action. At its discretion, the ad hoc subcommittee may consult with the EEO Officer, Ethics Officer, and/or General Counsel on appropriate action regarding a director or department head. The ad hoc subcommittee shall report a substantiated finding of an EEO violation by a director or department head and recommend appropriate action for the Board's consideration. Appropriate action for directors may include, but is not limited to, counseling, training, a private warning letter, public censure, temporary or permanent removal from committee assignments, or referral to the Director's appointing authority requesting appropriate action. Appropriate action for department heads may include, but is not limited to, counseling, training, performance review, or the imposition of discipline, as deemed appropriate under the circumstances.

(iv) When the General Manager is a party to the complaint or when in the judgment of the EEO Officer that matter should be handled differently to avoid real or perceived conflicts of interest, or to avoid potential bias or threats to impartiality, the EEO Officer shall delegate to the Ethics Officer the responsibility to retain an external investigator to conduct a fact-finding EEO investigation pursuant to this section. If the Ethics Officer has a conflict of interest in the particular case, the EEO Officer would delegate to the General Counsel the responsibility to retain an external investigator to conduct a fact-finding investigation pursuant to this section. Substantiated EEO findings under this subsection shall be referred directly to the ad hoc subcommittee to determine recommended appropriate action for the Board's consideration.

(v) A deviation of this investigation protocol by the EEO Officer may occur, in certain circumstances, with a written justification and approval of the ad hoc subcommittee responsible for EEO investigations of directors and department heads

(vi) On a quarterly basis, the Chief EEO Officer will report to the Executive Committee EEO case statistics regarding EEO complaints filed against the Board and its direct reports.

Article 3

AUDIT COMMITTEE

§ 2420. Day of Regular Meeting

The regular meetings of the Audit Committee shall be held on a quarterly basis in the months of March, June, September and December.

§ 2421. Duties and Functions

The Audit Committee shall study, advise, and make recommendations with regard to:

(a) All reports of the General Auditor and external auditors, including the audited financial statements of the District;

(b) The Audit Department's annual business plan and biennial budget;

(c) Requests from other committees of the Board and individual Board members for audits and review not included in the Audit Department's annual business plan.

(d) Monitor and oversee the duties and responsibilities of the Audit Department and the external auditors as those duties and responsibilities relate to the effectiveness of the District's internal control system.

(e) Review and approve, in advance of the July Board meeting, the Audit Department annual business plan containing the key priorities of the General Auditor and the Audit Department.

(f) As part of the Department Head annual evaluation process, be responsible for engaging in periodic performance expectations discussions, including progress checks, with the General Auditor.

(g) Monitor compliance with the recommendations of the California State Audit (April 2022).

Article 4

ENGINEERING, OPERATIONS AND TECHNOLOGY COMMITTEE

Sec.
2430. Day of Regular Meeting
2431. Duties and Functions

§ 2430. Day of Regular Meetings.

The regular meetings of the Engineering, Operations and Technology (EOT) Committee shall be held on the Monday preceding regular board meetings or on the second or fourth Tuesday of each month.

Article 5

FINANCE, AFFORDABILITY, ASSET MANAGEMENT, AND EFFICIENCY COMMITTEE

Sec.
2440. Day of Regular Meeting
2441. Duties and Functions

§ 2440. Day of Regular Meetings.

The regular meetings of the Finance, Affordability, Asset Management, and Efficiency (FAAME) Committee shall be held on the Monday preceding regular board meetings or on the second or fourth Tuesday of each month.

§ 2441. Duties and Functions.

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

(a) Preparation of budgets;

(b) Policies and procedures related to budget development and cost containment;

(c) Sale of bonds and borrowing and repayment of money;

(d) Disposition and investment of funds;

(e) Authorization of appropriations, except appropriations for capital projects;

(f) The determination of revenues to be obtained through water transactions, including, but not limited to, sales, exchanges, and wheeling of water, water standby or availability of service charges, and the levying of taxes;

(g) The financial impact and requirements of policies concerning annexation;

(h) The financial aspects of the District's risk management program;

(i) Questions pertaining to insurance coverage and self-insurance;

(j) The selection of financial and insurance consultants and the determination of the scope of their assignments;

(k) Form and contents of accounts, financial reports, and financial statements;

(l) Proposed amendments to the Metropolitan Water District Act affecting the finance and asset management functions of the District;

(m) Goals and objectives related to financial planning for Metropolitan, including but not limited to revenues, operating expenses, reserve policies, internally funded construction, debt management, investments and capital financing strategies;

(n) The prices and conditions governing water transactions, including, but not limited to, sales, exchanges, and wheeling sales of water;

(o) Costs and accounting procedures relating to the District's and other state water service contracts;

(p) Policies regarding water transactions, including, but not limited to, the sale, exchange, and wheeling of water for various uses;

(q) Policies regarding allocation of water standby or availability of service revenue requirements among member public agencies;

(r) Water standby or availability of service charges within the District;

(s) Determinations by the General Manager with respect to appeals concerning charges for water service, including readiness-to-serve charges and capacity charges, and report its recommendations, as appropriate, to affirm or reverse the General Manager's determinations;

(t) Appeals from determinations by the General Manager to deny or qualify an application for exemption from the water standby charge, and report its recommendations, as appropriate, to affirm or reverse the General Manager's determinations;

(u) The purchase, management and disposition of personal property assets such as equipment and vehicles;

(v) Facility master plans, including budgeting for capital improvements and long-term facilities commitments;

(w) Proposed rules and proposals regarding business development opportunities for real property;

(x) Policies for the acquisition of rights-of-way;

(y) The purchase, sale, and leasing of land and buildings, including the District's various office and garage space needs;

(z) The incidental use of land in farming operations and otherwise;

(aa) The operation and maintenance of buildings;

(bb) The development, oversight, and coordination of recreational facilities at Diamond Valley Lake and Lake Skinner;

(cc) The use of proceeds from the sale or disposition of surplus property related to Diamond Valley Lake and Lake Skinner for recreational purposes;

(dd) Annexations and annexation policies including the requirements, procedures, terms and conditions for annexation.

Article 6

LEGAL AND CLAIMS COMMITTEE

Sec.
2450. Day of Regular Meetings
2451. Duties and Functions

§ 2450. Day of Regular Meeting.

The regular meetings of the Legal and Claims Committee (LC) shall be held on the Monday preceding regular board meetings or on the second or fourth Tuesday of each month.

Article 7

THE LEGISLATION AND COMMUNICATIONS COMMITTEE

Sec.
2460. Day of Regular Meeting
2461. Duties and Functions
2462. Vice Chairs.

§ 2460. Day of Regular Meeting.

The regular meetings of the Legislation and Communications (LEG) Committee shall be on the Monday preceding regular board meetings or on the second or fourth Tuesday of each month.

§ 2461. Duties and Functions.

The Legislation and Communications Committee shall study, advise and make recommendations to the Board with regard to:

(a) Proposals of the General Manager, other committees, and board members concerning State and Federal legislation or amendments thereto, that may affect the District;

(b) Recommendations for new legislation identified by members of the Board or the General Manager;

(c) Opportunities for members of the Board to assist in outreach activities, including efforts to inform members of the Legislature or the Congress of the District's position with regard to proposed legislation;

(d) The effectiveness of legislative and administrative advocacy efforts by staff and members of the Board;

(e) The development and implementation of Directors' inspection trips, including the expectations and goals for these trips;

(f) The development and implementation of school education programs, including the expectations and goals for these programs;

(g) The effectiveness of Metropolitan's external affairs programs and general communications efforts directed at member agencies and the general public; and

(h) The selection of public information consultants and the scope of their assignments.

§ 2462. Vice-Chairs.

The Board Chair shall designate two Vice Chairs for the committee, one to preside over legislative affairs, the other over communications matters.

Article 8

ORGANIZATION, PERSONNEL AND EFFECTIVENESS COMMITTEE

Sec.
2470. Day of Regular Meeting
2471. Duties and Functions

§ 2470. Day of Regular Meeting.

The regular meetings of the Organization, Personnel and Effectiveness (OPE) Committee shall be held on the Monday preceding regular board meetings or on the second or fourth Tuesday of each month.

§ 2471. Duties and Functions.

The OPE Committee shall study, advise and make recommendations with regard to:

(a) The form of the District's organization and the flow of authority and responsibility;

(b) Periodic independent reviews and studies of the organization, classification of positions, job duties, salaries, and salary ranges;

(c) Relations between the District and its employees, including all matters affecting wage, hours, pension plans and other employee benefits, and other terms and conditions of employment, as well as the district's negotiation of such matters with employee bargaining units and selection of negotiators;

(d) Areas of special concern to the District and its employees, including, but not limited to work rules pertaining to the health and safety of employees;

(e) Policies and rules regarding employment, discipline and discharge of District officers and employees;

(f) Proposed amendments to the Metropolitan Water District Act and Administrative Code affecting contract procedures and policies, the organization and personnel policies of the District and to the Public Employees' Retirement Law;

(g) Information technology strategies, projects and activities, including information technology asset management and the budgeting and tracking of information technology resources; and

(h) Oversight of workforce training programs, including strategic planning, needs assessment, program design and development, and metric-based evaluation.

(i) Recruitment of top-tier talent throughout the District and securing leaders with exceptional skills, qualities, and abilities.

(j) Policies and procedures concerning District personnel matters.

Article 9

ONE WATER AND ADAPTATION COMMITTEE

Sec.
2480. Day of Regular Meeting
2481. Duties and Functions

§ 2480. Day of Regular Meeting

The regular meetings of the One Water and Adaptation Committee (OWA) shall be held on the Monday preceding regular board meetings or on the second or fourth Tuesday of each month.

§ 2481. Duties and Functions

The OWA Committee shall have oversight over the planning, prioritization, and funding of any current or future regional demand management or any regional or local supply projects within the Metropolitan service area receiving funding from Metropolitan, such as the Regional

Recycling Project and local projects funded through Metropolitan's Local Resources Program. The committee shall review and consider:

(a) Establishing policies and programs regarding water conservation and reuse, watershed management, storm water capture and management, recycling, sustainable groundwater management and protection, underground storage, and use thereof;

(b) Seawater desalination, recycling and reuse, and brackish water issues in Metropolitan's service area, and use thereof;

(c) Overseeing development and implementation of Metropolitan's Local Resources Program and Conservation Program and other efforts to meet local supply and water use efficiency goals;

(d) The effect of existing and proposed federal, state and local environmental, water supply and water management statutes and regulations on supplies produced or that may be produced within the District's region;

(e) Recommendations for comprehensive solutions to regional supply problems with the intent to increase water reliability, cost effectiveness, and environmental benefit;

(f) Expanding Metropolitan's understanding of regional water supply issues by inviting informational presentations and feedback from external representatives;

(g) Recommendations to the Board on policies and programs that will strengthen relationships with other agencies in furthering Metropolitan's objectives for increased regional self-reliance and greater water use efficiency;

(h) Creating opportunities for collaboration to advance the development of local supplies and achieving greater water use efficiency;

(i) Coordinating and aligning new water supplies, local resources projects and programs, and investments with other Metropolitan strategic priorities and initiatives;

(j) Developing criteria for the prioritization of investments in new water supplies;

(k) Policies, sources, and means of importing and distributing water, transferring water, and wheeling water as required by the District;

(l) Policies and procedures regarding the delivery and exchange of water for various uses;

(m) Metropolitan Water Supply Planning including the Integrated Resources Planning Process and completion of the Urban Water Management Plan and related policies; and

(n) Environmental compliance and requirements, and informing the technical aspects and science factors in providing comments to regulatory agencies and legislation affecting the regulation of water supply operational facilities and the conditions that they operate under.

Article 10

COMMUNITY AND WORKPLACE CULTURE COMMITTEE

Sec.
2490 Day of Regular Meeting
2491 Duties and Functions

§ 2490. Day of Regular Meeting

The regular meetings of the Community and Workplace Culture (CWC) Committee shall be held on the Monday preceding regular board meetings on the second or fourth Tuesday of each month.

§ 2491 Duties and Functions

The CWC Committee shall study, advise and make recommendations, as follows:

(a) With regards to ethics matters:

(1) Periodic performance expectations discussions, including progress checks, with the Ethics Officer.

(2) Monitoring and overseeing the duties and responsibilities of the Ethics Officer to ensure the independence of the Ethics Officer.

(3) Receive and review bi-monthly status reports of pending investigations by the Ethics Officer. The reports shall include the general nature and status of the investigation, how long the investigation has been pending, when the investigation is expected to be completed and, when completed, resolution of the investigation.

(4) Receive and review quarterly reports from the Ethics Officer on any engagement of professional and technical consultants.

(5) Review and approval of the business plan containing the key priorities for the coming year for the Ethics Office. It shall review and approve the business plan in advance of the July Board meeting.

(b) With respect to matters of equal employment opportunity and of diversity, equity and inclusion:

(1) Direct and receive reports from, and be the home committee for Metropolitan's Diversity, Equity and Inclusion Officer, and Metropolitan's Chief Equal Employment Opportunity Officer;

(2) Receive input, policy and procedure recommendations from the Diversity, Equity and Inclusion Officer;

(3) Study diversity, equity, and inclusion issues within Metropolitan to recommend ways to enhance and promote equal opportunity, affirmative action, increased diversity of the workforce and a culture of inclusion within Metropolitan;

(4) Monitor performance of efforts to promote workforce development programs, including training and advancement opportunities at Metropolitan to increase diversity, equity and inclusion within Metropolitan and benefit the communities within Metropolitan's service area; and

(5) Study areas of special concern to the District and its employees, including, but not limited to, equal employment opportunity and affirmative action.

(6) Study, advise and make recommendations on the ways the District can:

(i) Better serve the disadvantaged and underserved communities within Metropolitan's service area, and mitigate issues of affordability;

(ii) Improve the access of disadvantaged and underserved communities to reliable, high-quality drinking water supplies;

(iii) Increase participation of currently underserved communities in Metropolitan's rebate, conservation, and other local resources programs; and

(iv) Assist and support member agency programs and advocate for underserved communities, including providing communications, operational and technical assistance, with focus on consumer confidence in drinking water.

(7) Monitor Metropolitan's compliance with laws governing equal opportunities and employment and the manner in which investigations are conducted in compliance with such laws.

Division IV

WATER SERVICE POLICIES

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), 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.

(c) Not later than its February meeting the FAAME Committee shall set a time or times for, and shall thereafter hold, one or more meetings of said committee, to be held prior to its regular April meeting, at which interested parties may present their views regarding the proposed water rates and availability of service charges to the committee. The committee shall direct the General Manager to cause the publication of a notice of such public hearing to be published in newspapers of general circulation within the District’s service area. Such notice shall be published not less than 10 days prior to the public hearing.

(d) Not later than its regular April meeting the FAAME Committee shall make its determination regarding the revenue requirement to be paid from water rates and the water rates to become effective each January 1 of the biennial period and shall recommend said water rates to the Board no later than the Board's regular April meeting.

(e) Not later than its April meeting, the Board shall establish water rates for deliveries beginning each January 1 of the biennial period.

(f) Proposals for changes in water rates to become effective at times other than on January 1 shall require adequate notice to the public and a hearing before such proposals are

acted upon by the Board, unless the Board finds that an immediate change in water rates is urgent.

§ 4305. Setting of Charges to Raise Fixed Revenue.

(a) Not later than its regular May meeting each year, the FAAME Committee shall make its final determination regarding the water standby charge or other fixed revenue charge, if any, for the fiscal year beginning the following July 1, and shall recommend such charge, if any, to the Board at its regular May meeting.

(b) Not later than such May meeting, the Board shall consider and take action upon the recommendations, if any, of the FAAME committee regarding a fixed revenue source, exclusive of taxes, to become effective the following January 1 or for the fiscal year beginning the following July 1, as determined by the Board for each fixed revenue source.

Chapter 5

WATER SERVICE REGULATIONS - GENERAL

§ 4507. Billing and Payment for Water Deliveries.

(a) **Timeframe for Billing and Payment.** Except as noted herein below, invoices shall be mailed electronically, or, if requested by the member agency, by hardcopy via United States mail, not later than the tenth day of the month following delivery to a member public agency. Each such invoice shall indicate the date of mailing and the date on which the payment thereunder becomes delinquent and shall show the total amount of water delivered for each class of service, the charges for water sold and delivered for each class, the readiness-to-serve and capacity charges, as applicable, and the total amount due and owing, all as determined by the General Manager. Payment of the amount shown on any such invoice shall be due on the last business day of that month and shall be delinquent if not received by the Treasurer of the District before the close of crediting activity on the last business day of the first month following such date of mailing. When making any such payment the member public agency shall specify the invoice or invoices to which the payment shall be credited by the District.

(1) For purposes of Section 4507(a), "business day" shall mean any day other than a Saturday, a Sunday, or a Holiday (as defined in Section 1106).

(2) For purposes of Section 4507(a), "received by the Treasurer of the District" shall mean receipt either (1) in the office of the Treasurer or (2) by crediting pursuant to advance agreement with the Treasurer to the District's general demand account at the District's principal depository bank, in such form that the funds are immediately available for investment or other use or disposal by the District.

(3) For purposes of Section 4507(a), "crediting activity" shall mean either (1) 2:00 p.m. if payment is delivered to the office of the Treasurer, or (2) the cutoff time for crediting by the District's principal depository bank of that day's transactions if payment is initiated by wire

transfer, automated clearinghouse transfer, interbranch transfer, direct deposit, or by other means pursuant to advance agreement with the Treasurer.

If, under advance agreement with the Treasurer, a member agency has authorized payment of any invoice by automated clearinghouse transfer initiated by the Treasurer, the Treasurer shall initiate such transfer for processing two business days prior to the business day on which such payment shall be delinquent. Failure of such transfer shall not relieve such member agency from liability for such payment or charges in the event such payment should become delinquent, except as specifically provided under advance agreement with the Treasurer.

(b) **Full Service and Emergency Storage Program Facility.** In cases where water through a particular facility is delivered during any month for full service or Emergency Storage Program Service, the bill for water delivered in such month will be prepared by applying the rates for water sold and delivered in full service to the total quantity of water delivered. If the member public agency desires to receive credit for water used in Emergency Storage Program Service, the facts concerning the quantities of water so used must be certified to the District via the District's electronic certification and billing system by an authorized user for the member public agency purchasing such water as provided for in Section 4507 (c). The amount of such credits shall be based on the difference in water rates in effect at the time the water is used.

(c) **Late Certifications.** Based on available information, the District will notify a member agency for any certification that it has not received, if known, three months from the end of the month for which the agency would normally certify. No certification received after six months following the end of any month in which such a credit is claimed will be accepted. Certifications must be received by Metropolitan before 3:30 p.m. on the third working day after the end of the month to receive credit for any preceding month on the next bill, subject to the provisions with respect to late certifications in this Section. This Section applies to all cases where a certification is required to receive a credit, whether or not specifically named in this Section, unless otherwise provided by this Code.

(d) **Determination by General Manager as to Type of Delivery.** In the event the respective quantities of water sold and delivered in any month on order of any member public agency for use therein in any water program or contract requiring certification, are not determinable to the satisfaction of the General Manager in time for preparing regular monthly bills, then billing and payment for all water sold and delivered in such month to such member public agency shall be made at the rates prescribed for water used in full service in Section 4401(a)(1) hereof. Upon the determination by the General Manager of the correct quantities of water sold and delivered and used in any water program or contract requiring certification, any adjustment which is necessary to give effect to the applicable credit for the water used in any water program or contract requiring certification, shall be made by application of credits on subsequent purchases of water from the District by such member public agency. Such adjustments shall not be made in cases where a claim for the applicable credit is not submitted within the period provided in Section 4507(c).

(e) **Obligation to Pay for Appropriate Class of Service.** If water has been sold and delivered at the rates prescribed for water sold in any water program or contract and appropriate

certifications have been submitted for the water so used, but the water has in fact been used in full service or another class of service, the member public agency shall be obligated to pay the difference between the rates prescribed for water sold for the applicable water program or contract and the rates prescribed for the class of service actually used.

(f) **Submission of Documentation by Member Agency.** With respect to water sold and delivered at the rates prescribed for water sold under water programs or contract (unless otherwise specified in an agreement with the District), original documentation supporting the use of such water as certified must be submitted no later than December 31 following the end of the fiscal year for which a certification is submitted, unless otherwise specified in an agreement with the District. If the documentation is not submitted by December 31 following the end of the fiscal year for which a certification was submitted, an agency will receive a late penalty of $2,500. If the agency does not submit documentation by February 28/29 following the end of the fiscal year for which a certification was submitted, it shall be conclusively presumed that:

(1) The water sold from the District was used for full service, and the District's next monthly billing shall reflect such adjustment; or

(2) The yield was not produced as certified and the District's next monthly billing shall reflect such adjustment.

This provision will apply individually to each program or agreement that an agency or sub-agency participates in separately.

(g) **Review Process.** With respect to water sold and delivered at the rates prescribed for water sold under water programs or contract (unless otherwise specified in an agreement with the District) the District will complete its review within twelve months from date of receipt of the original supporting documentation.

(1) Should the District not complete its review within twelve months of the submittal of all source documentation, the review will be considered complete and the certifications final.

(2) When the review is completed, the District will notify the member agency of its initial findings for its comments. The member agency will provide its comments within 60 days. Metropolitan staff and the agency will work together to reconcile any differences.

(3) If the member agency and Metropolitan staff cannot reconcile the differences, Metropolitan's Water System Operations' Group Manager has the responsibility to consult with the member agency and make a final ruling, subject to the General Manager's oversight. If the ruling is unsatisfactory to the agency, it can be appealed to Metropolitan's Finance, Affordability, Asset Management, and Efficiency Committee.

(4) If the member agency does not provide further documentation correcting Metropolitan staff findings within the 60-day comment period as specified in (g) (2), then

it shall be conclusively presumed that the District's findings are correct and the District's next monthly billing shall reflect such adjustment.

(h) **Discovery of Mistakes or Errors.** In the event a mistake or error is discovered in a District water sales record, the General Manager shall initiate appropriate corrective action. No mistake or error made more than three years prior to its discovery shall be corrected unless otherwise specified in an agreement with the District. In the event a mistake or error is discovered by a member agency in its water sales record or certifications, no mistake or error made more than three years prior to its discovery shall be corrected unless otherwise specified in an agreement with the District.

(1) A District water sales record shall include a water billing invoice, or district invoice for other water-related charges.

(2) If the District finds the mistake or error, the discovery of the mistake or error shall be documented in writing to the member agency. The date of discovery for corrective action purposes shall be the date notice is sent to the member agency.

(3) If the member agency discovers the mistake or error, the discovery of the mistake or error shall be documented in writing to the District by either a revised certification form or letter, whichever is applicable. The date of discovery for corrective action purposes shall be the date the certification or letter is received by the District.

(4) If an incorrect invoice has been issued to a member public agency, the General Manager shall notify the affected agency of any adjustment and the manner of making any required credit or charge, neither of which shall bear interest.

(5) Mistakes or errors shall also include but are not limited to mistakes or errors in metering or recording deliveries to member agencies, entry or calculation errors in fixed charges, discovery of errors in either a member agency or sub-agency submitted certification(s), or processing of a certification(s) for the Local Projects Program, the Local Resources Program, the Groundwater Recovery Program, Conservation Credit Program, or any other water management program or storage programs or agreements unless specified otherwise in the contract.

(6) Any mistakes or error for a fiscal year period that is less than five acre-feet cumulative by agency or sub-agency, by program or agreement, shall be waived.

(i) **Rate Change.** In the event that deliveries of water are made by the District to member public agencies over a billing period during which the District's water rates change, the General Manager may cause the meters recording deliveries of water during such period to be read at the end of the period and the statement of charges for such deliveries of water may be based on a proration between the previous and new water rates for the periods of time during which each were in effect as determined by the General Manager.

Division V

FINANCIAL MATTERS

Chapter 1

ADMINISTRATIVE MATTERS

§ 5104. Payment After Loss of Bond Interest Coupon.

(a) The Treasurer of the District is authorized to effectuate payment, without action of the Board, of a claim arising from the loss of a bond interest coupon that has been detached from a District bond or from the destruction of a bond interest coupon at any time after the date of its maturity, and the Treasurer has received:

(1) An affidavit or affidavits establishing the ownership of the coupon and reciting therein the circumstances under which it was lost or destroyed; and

(2) An indemnity bond in a penal sum which is at least the amount of the claim, said sum being specifically stated in said bond, said bond to be approved by the General Counsel and then filed with the Treasurer. The indemnity bond must include a rider substantially in the form hereinafter set forth:

(i) Rider.

This Rider is attached to and is a part of the Bond of Indemnity executed by the (enter name of insurance company) respecting the loss of coupons due coupons at $ per coupon - total $, detached from $ Bonds of THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, numbered to , %, maturing , at $ each bond in bearer form.

It is understood and agreed that in the event the balance in the coupon account respecting the above-described issue of bonds, maintained by the Treasurer of said District, should hereafter not be sufficient as a result of the payment of coupon(s) to provide for outstanding unpaid coupons, (enter name of insurance company) will reimburse The Metropolitan Water District of Southern California, up to the face amount of the coupon(s) paid under this indemnity contingent upon presentation by said District of (a) evidence that said District has paid the afore-described coupon(s) or (b) a certificate from the Treasurer of said District that there is a deficiency in said coupon account balance.

It is understood that within the first year after the due date of the afore-described coupon(s) that (enter name of insurance company) may request that the Treasurer of said District search the District's records to

ascertain if in fact the afore-described coupon(s) have been paid, but any such request shall only be honored by said Treasurer upon payment by (enter name of insurance company) of any fee required by said Treasurer to cover costs of such search.

Executed this day of , 20 .

(enter name of insurance company)

(b) The Treasurer shall report to the Finance, Affordability, Asset Management, and Efficiency Committee all payments made pursuant to this Section 5104.

§ 5105. Lost or Destroyed Bonds.

(a) The Treasurer of the District is authorized to issue a new District bond or bonds similar to the original to replace it if the Treasurer has received:

(1) Proof satisfactory to the Treasurer that the bond has been lost or destroyed; and

(2) Security approved by the Treasurer and the General Counsel from the owner indemnifying the District against any loss incurred on account of the bond, such security to be equal to the principal amount of the bond and plus the aggregate amount of any attached interest coupons; and

(3) The costs for issuance of the new bond.

(b) The Treasurer shall report to the FAAME Committee of the Board all issuances of duplicate bonds made pursuant to this Section 5105.

§ 5107. Biennial Budget Process.

(a) There shall be prepared each even-numbered year, under the direction of the General Manager, a proposed biennial budget covering District operations for the following two fiscal years. The proposed biennial budget shall be submitted to the Board no later than the date of the regular Board meeting in June immediately preceding the first fiscal year of the biennium to which the budget applies. The proposed biennial budget shall indicate by fund all anticipated expenses and required reserves and the source of revenues to be used to meet such expenses and provide such reserves. The proposed biennial budget will at a minimum include a five-year financial forecast. At least one Board Workshop on the proposed biennial budget will be conducted prior to submission of the proposed biennial budget for Board approval. The FAAME Committee shall review the proposed biennial budget in its entirety, together with the recommendations from the Board workshop, and report its recommendations to the Board.

(b) After considering the proposed biennial budget and making any revisions thereto that it may deem advisable, the Board shall adopt the biennial budget before the beginning of the

biennial period to which the budget applies. The amounts provided in the adopted budget for the biennial period for total expenses for operations and maintenance, including minimum and variable operations and maintenance charges under water or power contracts with the State, for capital charges under such contracts, and for debt service shall be deemed to be appropriated from the funds indicated in the budget.

(c) The adoption of the budget shall have no effect upon appropriations for capital projects and continuing expenditures not susceptible to immediate direct allocation, as described in Section 5108 hereof, and shall not establish any limitations on expenditures for such purposes.

(d) The total operations and maintenance budget shall be measured against the regional rate of inflation as measured by the five-year rolling average change in the Consumer Price Index (CPI) for the Los Angeles-Riverside-range County area, not seasonally adjusted, for all items as reported by the U. S. Bureau of Labor Statistics. The budget will include explanations of increases greater than the CPI due to unique conditions, growth or expansion of services.

Chapter 3

SHORT-TERM REVENUE CERTIFICATES

§ 5305. Report of Exercise of Authority.

The General Manager shall report to the next following meeting of the Finance, Affordability, Asset Management, and Efficiency Committee of the Board any exercise of authority pursuant to this Chapter.

Division VI

PERSONNEL MATTERS

Chapter 1

EMPLOYEE RELATIONS

Article 2

REPRESENTATION PROCEEDINGS

§ 6113. Appeals.

(a) An employee organization aggrieved by an appropriate unit determination of the Employee Relations Officer; or an employee organization aggrieved by a determination of the Employee Relations Officer that a Recognition Petition (Section 6105), Challenging Petition (Section 6107), Decertification Petition (Section 6109), Unit Modification Petition (Section 6111) --- or employees aggrieved by a determination of the Employee Relations Officer that a Decertification Petition (Section 6109) --- has not been filed in compliance with the

applicable provisions of this Article, may, within twenty (20) days of notice of the Employee Relations Officer's final decision request to submit the matter to mediation by the State Mediation and Conciliation Service, or may, in lieu thereof or thereafter, appeal such determination to the Organization, Personnel and Effectiveness (OPE) Committee for final decision within fifteen (15) days of notice of the Employee Relations Officer's determination or the termination of mediation proceedings, whichever is later.

(b) Appeals to the OPE Committee shall be filed in writing with the Board's Executive Secretary, and a copy thereof served on the Employee Relations Officer. The said committee shall commence to consider the matter within thirty (30) days of the filing of the appeal. The committee may, in its discretion, refer the dispute to a third-party hearing process. Any decision of the committee on the use of such procedures, and/or any decision of the committee determining the substance of the dispute shall be final and binding.

Article 5

MISCELLANEOUS PROVISIONS

§ 6121. Interpretation and Administration.

The General Manager shall have authority to interpret and administer provisions of this Chapter, subject to appeal to the Organization, Personnel and Effectiveness Committee.

Chapter 2

PERSONNEL REGULATIONS

§ 6208. Pay Rate Administration.

(a) Pay rate schedules, as approved by the Board, shall include pay rate grades and pay rate ranges consisting of minimum and maximum rates of pay for each position. Except by action of the Board, or as provided in Section 6208(d), the hourly pay rate paid each employee shall be at least the minimum but not in excess of the maximum hourly pay rate prescribed for the applicable position. Notwithstanding any other provision of this section, the salaries of the department heads shall be fixed as a flat rate.

(b) Pay rates for Department Heads shall be individually fixed by the Board. Pay rates for all employees shall be fixed by their respective Department Heads within the ranges fixed by the Board for such positions in accordance with practices, policies and procedures promulgated by the General Manager. The Board at its August meeting will review each Department Head's salary and compensation after determining an overall performance rating for each Department Head, and make adjustments as appropriate, if any, based on salary comparisons, pay rate survey and/or performance, with any change to be effective at the beginning of the pay period that includes the prior July 1.

(c) Job descriptions in terms of duties and responsibilities shall be prepared by the Director of Human Resources for each position. Job descriptions for positions requiring appointment or approval of appointment by the Board shall be submitted to the Board for approval. Job descriptions for positions peculiar to the Legal or Audit Departments or Ethics Office shall be subject to approval of the General Counsel, General Auditor, or Ethics Officer as appropriate. It shall be the duty of Human Resources to insure that all employees are properly classified.

(d) The General Manager is authorized to provide for payment at a "Y" rate to any employee whose position is reclassified to a position in a lower pay rate or the pay rate of whose position is reduced and the General Manager may maintain the employee at a "Y" rate until such time as the General Manager deems the "Y" rate to be no longer justified. As used herein, "Y" rate means a pay rate higher than the highest rate applicable to the employee's position.

(e) New employees, upon entering District service, will be placed by the Director of Human Resources at a salary grade and step within the salary range appropriate for the position available and the applicant's qualifications. Employees who are promoted to a position in a higher range shall be paid at least the minimum of such range but not more than four steps over their prior rate or the fifth step of the higher pay rate range, whichever is higher, but not in excess of the maximum rate specified for the position to which promoted. New employees are eligible for a merit increase after completion of a six-month probationary period. The eligibility date for subsequent merit reviews shall be 12 months from the most recent merit increase, promotion or demotion, whichever is later. Employees at the top step of the pay range will not be eligible for any merit increase. Merit increases will be awarded as provided for by Section 6211.

(f) Pay rates for temporary employees in District service are the rates paid to regular employees in the same classifications.

(g) Subject to Section 6211, the performance of regular employees other than Department Heads, will be annually reviewed by their Department Heads to determine eligibility for merit increases under evaluation procedures, guidelines and rules developed by the General Manager. Changes in pay rate ranges approved by the Board have no effect upon these limitations.

(h) Pay Rate Survey.

(1) As needed, the General Manager has the authority to cause a survey to be made of rates of pay and benefits of employees of other organizations specified by the Board, and may thereafter recommend to the Board revisions in the pay rate structure and benefits for employees. The survey need not include positions for which pay rates are established pursuant to a memorandum of understanding approved by the Board which is in effect for the entire calendar year. Action, if any, on the pay rate survey may be taken at the same meeting the survey information is presented or at a subsequent meeting. The General Counsel, General Auditor and Ethics Officer may also recommend to the Organization, Personnel and Effectiveness Committee revisions regarding positions peculiar to their own departments.

(2) The list of agencies to be used in the District's pay rate survey may include the following:

County of Los Angeles
East Bay Municipal Utility District
Los Angeles Metropolitan Transportation Authority
Los Angeles County Sanitation District
Los Angeles Department of Water & Power
Orange County Water District
San Diego County Water Authority
San Francisco Public Utilities Commission
State Department of Water Resources

The nine comparator agencies were selected by comparing the following factors: Industry (type of utility), total number of units managed, population served, total number of employees, total assets, net operating income, gross revenue, and total service area (square miles).

(i) For temporary construction personnel employed under authority of Section 6207(c), the General Manager is authorized to fix the hourly rates of pay at least equal to, but not more than 20 percent higher than, those so determined by the Board to be prevailing in the county in which such personnel primarily will be engaged.

§ 6209. Discharge.

(a) Unclassified employees, other than executive officers and their principal assistants, may be removed by their respective Department Heads, but may appeal such removal to the OPE Committee. The decision of the Committee will be final unless the Committee chooses to refer the appeal to the Board.

(b) Probationary employees serve at the pleasure of their respective Department Heads. Classified employees may be discharged, for cause, immediately by their respective Department Heads. When immediate discharge is not deemed appropriate, written notice shall be given at least 14 calendar days in advance of discharge for probationary employees and at least 30 calendar days in advance of discharge for other classified employees.

(c) Regular non-probationary classified employees who are discharged are afforded the due process rights provided under Section 6218 of this Code or as provided in the applicable memorandum of understanding.

Chapter 3

GENERAL EMPLOYEE MATTERS

Article 1

EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION

§ 6304. General Manager's Report on Equal Employment Opportunity Policy and Affirmative Action Program.

Annually, the General Manager shall report to the Community and Workplace Culture Committee on the status of the equal employment opportunity policy and affirmative action program.

Chapter 4

OFFICERS

Article 2

GENERAL MANAGER

§ 6416. Annual Report to Executive Committee

The General Manager shall annually submit to the Executive Committee a business plan containing the General Manager's key priorities for the coming year. The business plan shall be submitted in conjunction with similar plans by the General Auditor to the Executive Committee and the Ethics Officer to the Community and Workplace Culture Committee and the General Counsel to the Legal and Claims Committee.

Article 3

GENERAL COUNSEL

§ 6436. Annual and Quarterly Reports to Legal and Claims Committee.

(a) The General Manager and General Counsel shall report quarterly to the Legal and Claims Committee the exercise of any power delegated to them by Sections 6433 and 6434. The General Counsel shall report quarterly to the Legal and Claims Committee the exercise of any power delegated to them by Section 6431.

(b) The General Counsel shall annually, in advance of the July Board meetings, submit to the Legal and Claims Committee a business plan containing the Legal Department's key priorities for the coming year for review and approval. The business plan shall be submitted in conjunction with similar plans by the General Manager to the Executive Committee and the General Auditor to the Executive Committee, and the Ethics Officer to the Community and Workplace Culture Committee.

Article 4

GENERAL AUDITOR

§ 6450. Powers and Duties.

(a) The District's independent internal auditing function is governed by provisions of the California Government Code and by policies established by the Board of Directors. The Executive Committee is responsible for the oversight of the internal auditing function, approving the Audit Department charter (subject to review and approval of the Board of Directors), selecting and overseeing the work of external auditors, and reviewing reports issued by both the internal and external auditors.

(b) The General Auditor manages the District's Audit Department and is responsible for formulating departmental policies and procedures; directing and evaluating the performance of work done by employees within the department, administering the internal records of the department; and administering the District's contract for external audit services. The General Auditor shall, annually in advance of the July Board meetings, submit to the Executive Committee an Audit business plan containing key priorities for the coming year for review and approval. The business plan shall be submitted in conjunction with similar plans by the General Manager to the Executive Committee, the General Counsel to the Legal and Claims Committee and Ethics Officer to the Community and Workplace Culture Committee.

(c) The General Auditor shall report the findings, opinions, and recommendations which result from the performance of the duties outlined in paragraph 6450(b) to the General Manager, General Counsel and Ethics Officer for their information and appropriate actions. Whenever an audit report contains recommendations for corrective actions or changes in current practices, the General Manager, General Counsel, Ethics Officer or their designees shall respond to the General Auditor in an appropriate manner and within a reasonable time, indicating their views on the recommendations and proposed actions to be taken, if any.

(d) The General Auditor's reports on internal audit assignments shall be addressed to the Executive Committee. The General Auditor shall have the discretion to determine the form and content of such audit reports, subject to guidance by the Executive Committee. With the exception of those reports which the General Auditor deems to be urgent or confidential in nature, copies of all audit reports addressed to the Executive Committee shall be submitted to the General Manager and General Counsel for review and comment simultaneously to their submittal to the Executive Committee.

(e) The General Auditor shall transmit all reports issued by the District's external auditors to the Executive Committee and any other committees of the Board as may be applicable. Such transmittal letters should include any comments on the external auditor's reports that the General Auditor deems necessary.

(f) The General Auditor may receive requests from time to time from the other executive officers or committees of the Board to perform audit assignments which are not included in the approved annual Audit Business Plan. Similarly, the General Auditor may identify a need to include new assignments in the Audit Business Plan during the year. The General Auditor shall

have sufficient latitude and discretion to include those new assignments in the annual Audit Business Plan as the General Auditor deems necessary based upon their professional judgement and available resources. Requests from other committees of the Board and individual Board members desiring specific audit assignments shall be submitted to the Audit Committee for study, advise, and recommendation, or if such subcommittee is not currently in place, the Executive Committee. Once the audit assignment is approved by the Board, the General Auditor reserves the right to determine how to best fit the directed audit assignment into the Audit Business Plan. The reporting process for assignments requested by either executive management, by committees of the Board, or by individual Board members shall generally follow the process outlined in paragraphs 6450(c) or (d) previously.

(g) The General Auditor shall manage the work of the Audit Department in accordance with the Audit Department Charter. The General Auditor shall assess annually whether the purpose, authority and responsibility, as defined in this Charter, continue to be adequate to enable the Audit Department to accomplish its objectives.

Article 5

ETHICS OFFICER

Sec.
6470. Powers and Duties
6471. Authority to Obtain Professional Services
6472. Reports to Community and Workplace Culture Committee

§ 6472. Reports to Community and Workplace Culture Committee.

(a) The Ethics Officer shall annually, in advance of the July Board meetings, submit to the Community and Workplace Culture (CWC) Committee a business plan for the Ethics Office containing key priorities for the coming year for review and approval.

(b) The Ethics Officer shall prepare quarterly reports to the CWC Committee on activities concerning agreements executed pursuant to the authority given to the Ethics Officer in Section 6471, and bi-monthly reports related to pending investigations as specified in Section 6470.

§ 6470. Powers and Duties.

The powers and duties of the Ethics Officer shall be as follows:

(a) The Ethics Officer shall report to the Board, through the CWC Committee.

(b) The Ethics Officer shall oversee an Ethics Office staffed with professional, qualified persons.

(c) The Ethics Officer shall be free from political interference in fulfilling the responsibilities detailed in this article and in Division VII.

(d) The Ethics Officer shall have sole authority to interpret Metropolitan's ethics rules.

(e) The Ethics Officer shall propose amendments to the Administrative Code to the CWC Committee for approval and adoption by the Board, relating to:

(1) Regulation of lobbying activities;
(2) Conflicts of interest and financial disclosure;
(3) Public notice and approval procedures for contracts of $50,000 or more;
(4) Disclosure of campaign contributions related to potential conflicts of interest;
(5) Such other ethics rules for application to board members, officers, employees, lobbyists, lobbying firms, and contractors as deemed appropriate.

(f) The Ethics Officer shall educate, train, provide advice and seek compliance from board members, officers, applicable employees, lobbyist, lobbying firms, and Metropolitan contractors and subcontractors concerning:

(1) The rules prescribed in Division VII;
(2) The Political Reform Act of 1974, as amended and applicable regulations;
(3) The conflict of interest rules of Government Code section 1090.

(g) The Ethics Officer shall investigate potential violations of ethics rules in Division VII by board members, officers, applicable staff, lobbyists, lobbying firms, and contractors consistent with the rules specified in Division VII. The Ethics Officer shall prepare status reports of pending investigations on a bi-monthly basis. The reports shall include the general nature and status of the investigation, how long the investigation has been pending, when the investigation is expected to be completed and, when completed, the resolution of the investigation.

(h) The Ethics Officer shall be the filing officer on behalf of the District to receive and file Statements of Economic Interest pursuant to the California Government Code and Section 7501 of this Administrative Code.

(i) The Ethics Officer shall have the authority to confer with the Chair of the Board and the Chair and Vice Chair of the CWC Committee for the purpose of seeking advice and feedback on any policy and operational matters, or feedback on investigative matters, subject to the confidentiality requirements in section 7412 of the Administrative Code.

(j) The Ethics Officer shall have the authority to obtain, and have unrestricted access to all functions, documents, records, property, personnel and other information requested as part of an Ethics Office complaint or investigation without waiving any privileges that may apply.

§ 6471. Authority to Obtain Professional Services.

(a) The Ethics Officer is authorized to contract for independent legal counsel as they deem necessary in fulfilling duties and responsibilities of the Ethics Office. The Ethics Officer may contract with one or more attorneys or law firms depending on the areas of expertise needed. The amount to be expended in fees, costs and expenses under any one contract in any

one-year period shall not exceed $100,000. The General Counsel shall review such contracts solely for consistency with Metropolitan's contract requirements. The General Counsel shall not have the authority to deny the Ethics Officer's ability to contract with any given party.

(b) The Ethics Officer is authorized to contract for professional services of outside investigators and investigation firms to conduct investigations under the Ethics Officer's purview. The amount to be expended in fees, costs, and expenses under any one contract in any one-year period shall not exceed $250,000.

(c) The Ethics Officer is authorized to employ the services of other professional or technical consultants for advice and assistance in performing the duties assigned as may be required or as deemed necessary, provided that the amount to be expended in fees, costs and expenses under any one contract in any one year shall not exceed $50,000.

(d) The Ethics Officer shall inform the CWC Committee whenever the authority granted under this section is exercised, and shall further report quarterly on activities concerning any agreements entered into under this section. Any such contracts shall be consistent with Metropolitan contract requirements and shall be reviewed by the General Counsel.

§ 6472. Reports to Community and Workplace Culture Committee.

(a) The Ethics Officer shall annually, in advance of the July Board meetings, submit to the CWC Committee a business plan for the Ethics Office containing key priorities for the coming year for review and approval.

(b) The Ethics Officer shall prepare quarterly reports to the CWC Committee on activities concerning agreements executed pursuant to the authority given to the Ethics Officer in Section 6471, and bi-monthly reports related to pending investigations as specified in Section 6470.

Division VII

GOVERNMENTAL ETHICS

Chapter 4

INVESTIGATION BY THE ETHICS OFFICER

Article 1

AUTHORITY TO INVESTIGATE AND JURISDICTION

§ 7405. Investigations of Directors, General Manager, General Counsel, General Auditor, or Ethics Officer.

(a) The Ethics Officer shall retain an outside counsel or investigator to conduct any investigation of alleged violations of Metropolitan ethics rules by a Director, General Manager,

General Counsel or General Auditor. The investigation shall be conducted in consultation with the Ethics Officer. The Ethics Officer shall, based on the results of the investigation, make the final determination as to whether a violation has occurred. Prior to retaining the outside counsel or investigator, the Ethics Officer shall notify the Community and Workplace Culture (CWC) Committee Chair, unless the Chair is the subject of the investigation, in which case the Vice Chair shall be notified.

(b) The Ethics Officer shall refer to the General Counsel any complaint of alleged violations of Metropolitan ethics rules by the Ethics Officer or any member of the Office staff. The General Counsel shall retain an outside counsel or investigator to conduct the investigation in consultation with the General Counsel. The General Counsel shall, based on the results of the investigation, make the final determination as to whether a violation has occurred. Prior to retaining the outside counsel or investigator, the General Counsel shall notify the CWC Committee Chair.

(c) The General Counsel shall review any contract with an outside counsel or investigator to ensure compliance with Metropolitan contracting requirements.

Article 2

PROCEDURES FOR INVESTIGATIONS

§ 7411. Investigation Timeframe.

(a) Investigations shall be conducted expeditiously and completed within 180 calendar days, except as provided in subparagraph (b). An investigation commences upon the Ethics Officer's determination to open an investigation, but in no event later than 30 calendar days from receipt of the complaint or referral.

(b) For good cause, an investigation may extend beyond 180 calendar days; provided, however, the Ethics Officer shall provide written notice to the subject of the investigation with an expected completion date. The Ethics Officer shall also notify the CWC Committee Chair whenever an investigation extends beyond 180 calendar days and provide periodic updates on the status of the investigation thereafter.

(c) For purposes of the 180 calendar day period specified in this section, an investigation terminates upon service of the Ethics Officer's report upon the subject of the investigation, or upon notice of no violation given to the subject of the investigation, pursuant to section 7416.

§ 7412. Confidentiality of Investigations.

(a) Investigations by the Ethics Officer shall be confidential to the fullest extent possible.

(b) The Ethics Officer has the discretion to disclose information related to investigations for significant operational or safety reasons.

(c) The Ethics Officer shall not unnecessarily disclose the identity of the subject of a complaint, except as needed in furtherance of the investigation or otherwise provided by Article 3 of this chapter.

(d) During the investigation, the Ethics Officer shall advise the subject of the investigation, the complainant, and any witnesses of the confidentiality of the investigation.

(e) The Ethics Officer may confer with the Chair of the Board and the Chair and Vice Chair of the CWC Committee on any investigative matter subject to the following:

(1) The communications shall be for the purpose of feedback.

(2) The communications shall be confidential.

(3) The restrictions on interference with investigations in section 7129(d).

(f) The Ethics Officer shall, to the extent possible, protect the identity of any complainant.

Division VIII

CONTRACTS/DISTRICT PROPERTY

Chapter 2

DISTRICT PROPERTY

Article 4

DISPOSITION OF REAL PROPERTY

§ 8248. Disposal of Unnecessary Improvements.

(a) The General Manager is authorized to dispose of, in the manner the General Manager deems to be in the best interest of the District, any improvements that must be removed to make land acquired for District operations suitable for District use.

(b) The General Manager shall report quarterly to the Finance, Affordability, Asset Management, and Efficiency (FAAME) Committee 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.

§ 8257. Quarterly Reports.

The General Manager shall report to the FAAME Committee quarterly on any real property sold pursuant to this Article.