

The Metropolitan Water District of Southern California

Agenda

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

Exec Committee

A. Ortega, Chair
J. Abdo, Board Vice Chair
M. Camacho, Board Vice Chair
S. Goldberg, Board Vice Chair
N. Sutley, Board Vice Chair
L. Fong-Sakai, Board Secretary
A. Chacon
G. Cordero
D. Erdman
G. Gray
F. Jung
M. Luna
T. McCoy
B. Pressman
T. Quinn
M. Ramos
T. Smith

Executive Committee - Final - Revised 1

Meeting with Board of Directors *

January 23, 2024

1:30 p.m.

Agendas, live streaming, meeting schedules, and other board materials are available here: <https://mwdh2o.legistar.com/Calendar.aspx>. If you have technical difficulties with the live streaming page, a listen-only phone line is available at 1-877-853-5257; enter meeting ID: 891 1613 4145. Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via in-person or teleconference. To participate via teleconference 1-833-548-0276 and enter meeting ID: 815 2066 4276 or click <https://us06web.zoom.us/j/81520664276pwd=a1RTQWh6V3h3ckFhNmdsUWpKR1c2Zz09>

**Tuesday, January 23, 2024
Meeting Schedule**

**09:30 a.m. PWSCRC
11:30 a.m. Audits
01:00 p.m. Break
01:30 p.m. Exec**

MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

Teleconference Locations:

City Hall • 303 W. Commonwealth • Fullerton, CA 92832

525 Via La Selva • Redondo Beach, CA 90277

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- 1. Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))**
- 2. OTHER MATTERS AND REPORTS**
 - a. Chair's Report

Report on International Travel - Fourth Quarter of 2023
(October – December 2023)

[21-2962](#)

Attachments: [01232024 Exec 2A Report](#)

- b. General Manager's Report of Metropolitan Activities
- c. General Counsel's Report of Metropolitan Activities
- d. General Auditor's Report of Metropolitan Activities
- e. Ethics Officer's Report of Metropolitan Activities
- f. Report from Engineering, Operations, and Technology Committee
- g. Report from Equity, Inclusion, and Affordability Committee
- h. Report from Ethics, Organization, and Personnel Committee
- i. Report from Finance, Audit, Insurance, and Real Property Committee
- j. Report from Legal and Claims Committee
- k. Report from Legislation, Regulatory Affairs, and Communications Committee
- l. Report from One Water and Stewardship Committee

**** CONSENT CALENDAR ITEMS - ACTION ****

3. CONSENT CALENDAR OTHER ITEMS - ACTION

- A. Approval of the Minutes of the Executive Committee Meeting of November 28, 2023 (Copies have been submitted to each Director, any additions, corrections, or omissions)

[21-2957](#)

Attachments: [01232024 Exec 3A \(11282023\) Minutes](#)

- B. Approve draft Committee and Board meeting agendas and schedule for February 2024

[21-2958](#)

Attachments: [01232024 Exec 3B Draft Agenda Packet](#)
[02132024 Revised Schedule of Meetings](#)

4. CONSENT CALENDAR ITEMS - ACTION

NONE

**** END OF CONSENT CALENDAR ITEMS ****

5. COMMITTEE INFORMATION ITEMS

- a. Colorado River Activities [21-2959](#)
- b. Report on the Colorado River Board Meeting [21-2960](#)
- c. Review proposed amendments to the Metropolitan Water District Administrative Code to modify the structure and duties of various committees. [REVISED SUBJECT 1/18/24] [21-2961](#)

Attachments: [01232024 Exec 5c C-L](#)

6. FOLLOW-UP ITEMS

NONE

7. FUTURE AGENDA ITEMS

8. ADJOURNMENT

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**Quarterly Report on International Travel
Fourth Quarter of 2023 (October - December 2023)**

This report summarizes all international travel approved pursuant to Metropolitan’s Administrative Code Section 6325(d), which requires the Chair of the Board to report quarterly to the Executive Committee on all international travel, which has been approved pursuant to this section for directors, Department Heads, and staff members.

Travel Date	Location	Director/Staff*	Purpose	Date Approved by GM	Date Reported to or Approved by Board Chair
February 2019 – March 2025	Tokyo, Japan	Potential traveler Glenn Duenas, Kevin Kearns, Armen Kutyan, Moore Chung, Fraser Wyatt, Valerie Hernandez, Hunter Schneider, Sepideh Shirkhani, Javier Garcia, Humberto Duran, Robert Roy, John Treadwell, Luis Pelayo, Valente De la Roza, Hugo Reel	Inspection purposes for Furnishing Large Diameter Conical Plug Valves for the PCCP Rehabilitation Procurement contract No 1912, Specifications No 1912, Project 104882 (6 trips and 18 staff total)	Oct 11, 2023	Jan 16, 2024

*All staff listed are approved for travel. Final determination of actual travelers may be made prior to trip

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

EXECUTIVE COMMITTEE

November 28, 2023

Chair Ortega called the meeting to order at 12:05 p.m.

Chair Ortega announced at this time that we do not have any Directors participating in the meeting using AB 2449.

Members present: Directors Abdo, Camacho, Chacon, Cordero, Erdman, Fong-Sakai, Goldberg, Jung (teleconference posted location), Luna, McCoy, Ortega, Pressman, Quinn, Ramos, and Smith.

Members absent: Directors Gray and Sutley.

Other Board members present: Directors Alvarez, Bryant (teleconference posted location), De Jesus (teleconference posted location), Dennstedt (teleconference posted location), Dick, Fellow (teleconference posted location), Kurtz, McMillan (teleconference posted location), Miller, Morris, Peterson (teleconference posted location), and Seckel (entered after roll call).

Committee staff present: Hagekhalil, Hudson, Salinas, Scully, Suzuki, Wheeler, and Upadhyay.

1. OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE COMMITTEE ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION

No members responded.

2. OTHER MATTERS AND REPORTS

a. Subject: Chair's Report

Presented by: Chair Ortega

Chair Ortega stated he had nothing to add to his report.

b. Subject: General Manager's Report of Metropolitan activities

Presented by: General Manager Adel Hagekhalil

General Manager Hagekhalil reported on the following:

- Update on the State Audit recommendations
- Report on Liz Crosson appointment to the Advisory Council for Climate Adaptation Science

c. Subject: General Counsel's report of Metropolitan activities

Presented by: General Counsel Marcia Scully

General Counsel Scully stated she had nothing to add to her report.

d. Subject: General Auditor's report of Metropolitan activities

Presented by: General Auditor Scott Suzuki

General Auditor Suzuki reported on the following:

- January 2024 Subcommittee on Audits to discuss the Independent Auditor's Report from Macias Gini & O'Connell, LLP for fiscal year 2022/23

e. Subject: Ethics Officer's report of Metropolitan activities

Presented by: Ethics Officer Abel Salinas

Ethics Officer Salinas reported on the following:

- Ethics Training to Metropolitan Employees

Chair Ortega announced that in the interest of time, the Committee will not hear the reports from Committee Chairs (Items f-l) and that Item 3B draft agenda packet would be approved as posted, with any additions or deletions.

CONSENT CALENDAR ITEMS – ACTION**3. CONSENT CALENDAR OTHER ITEMS – ACTION**

- A. Approval of the Minutes of the Executive Committee Meeting for October 24, 2023.

Chair Ortega asked Directors if there were any additions, corrections, or omissions on the minutes of the October 24, 2023, Executive Committee Meeting. None were made.

- B. Approve draft Committee and board meeting agendas, and schedule for December 2023.

Chair Ortega called for the vote on Items 3A and 3B.

Director Camacho made a motion, seconded by Director Chacon, to approve the consent calendar Items 3A and 3B as listed.

The vote was:

- Ayes: Directors Abdo, Camacho, Chacon, Cordero, Erdman, Fong-Sakai, Goldberg, Jung, Luna, McCoy, Ortega, Pressman, Quinn, Ramos, and Smith.
- Abstention: None
- Recusal: None
- Absent: Gray and Sutley

The motion for Items 3A and 3B passed by a vote of 15 ayes; 0 noes; 0 abstention; and 2 absent.

4. CONSENT CALENDAR ITEMS – ACTION

None

END OF CONSENT CALENDAR ITEMS**5. COMMITTEE INFORMATION ITEMS**

- a. Subject: Colorado River Activities
- Presented by: Shanti Rosset, Program Manager III

Ms. Rosset reported on Colorado River activities.

- b. Subject: Report on Ad Hoc Committee Number 5 Investigator Findings [Conference with legal counsel - anticipated litigation based on existing facts and circumstances concerning receipt of a letter threatening litigation, there is significant exposure to litigation against Metropolitan: one potential case; to be heard in closed session pursuant to Gov. Code Section 54956.9(d)(2)].

Presented by: The Board conferred with outside counsel in a closed session.

Chair Ortega called the meeting into closed session to discuss Item 5b.

The Committee returned to open session at 1:20 p.m.; in closed session the Committee conferred with outside legal counsel regarding item 5b. No action was taken in closed session.

6. FOLLOW-UP ITEMS

Chair Ortega asked that the Committee keep Chair Emeritus Gray in their prayers and thoughts as she lost her long-time partner Mr. Leonard Tibbs.

7. FUTURE AGENDA ITEMS

None

8. ADJOURNMENT

The meeting was adjourned at 1:21 p.m.

Adán Ortega, Jr.
Chair of the Board

Draft

February 2024

Committee & Board Meetings

Agenda Packet



The Metropolitan Water District of Southern California



BOARD UPDATES

Schedule of Meetings – February 2024

Monday, February 5

9:00 a.m. Subcommittee on Long-Term Regional Planning Processes – CAMP4W Taskforce

Monday, February 12

9:30 a.m. Engineering, Operations, and Technology Committee

12:00 p.m. Break

12:30 p.m. Equity, Inclusion, and Affordability Committee

3:00 p.m. Finance, Audit, Insurance, and Real Property Committee Workshop (Budget)

Tuesday, February 13

8:30 a.m. Legal and Claims

9:30 a.m. Ethics, Organization, and Personnel Committee

10:30 a.m. One Water and Stewardship Committee

12:30 p.m. Break

1:00 p.m. Board of Directors Meeting

Tuesday, February 27

9:30 a.m. Finance, Audit, Insurance, and Real Property Committee Workshop (Budget)

12:30 p.m. Break

1:00 p.m. Executive Committee

2:00 p.m. Subcommittee on Audits

Wednesday, February 28

9:30 a.m. Subcommittee on Long-Term Regional Planning Processes – CAMP4W Taskforce

The Metropolitan Water District of Southern California

Agenda

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

LTRPPBM Committee

M. Petersen, Chair
K. Seckel, Vice Chair
D. Alvarez
J. D. Armstrong
D. Erdman
S. Faessel
L. Fong-Sakai
J. McMillan
T. Quinn
N. Sutley

Subcommittee on Long-Term Regional Planning Processes and Business Modeling - Hidden

**Monday, February 5, 2024
Meeting Schedule**

09:00 a.m. LTRPPBM

Meeting with Board of Directors *

February 5, 2024

9:00 a.m.

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1. Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))

**** CONSENT CALENDAR ITEMS -- ACTION ****

2. CONSENT CALENDAR OTHER ITEMS - ACTION

- A.** Approval of the Minutes of the Subcommittee on Long-Term Regional Planning Process and Business Modeling Meeting for January 18, 2024 (Copies have been submitted to each Director, Any additions, corrections, or omissions) **21-2966**

**** END OF CONSENT CALENDAR ITEMS****

3. SUBCOMMITTEE ITEMS - CAMP4W TASK FORCE

- a. Task Force discussion **21-2963**
 - Alex Rojas, Central Basin Municipal Water District
 - Cesar Barrera, City of Santa Ana
 - Nina Jazmadarian, Foothill Municipal Water District
 - Shivaji Deshmukh, Inland Empire Utilities Agency
 - Dave Pedersen, Las Virgenes Municipal Water District
 - Anatole Falagan, Long Beach Water Department
 - Anselmo Collins, Los Angeles Department of Water and Power
 - Harvey De La Torre, Municipal Water District of Orange County
 - Dan Denham, San Diego County Water Authority
 - Anthony Goff, Calleguas Municipal Water District
 - Tom Love, Upper San Gabriel Valley Municipal Water District
 - Craig Miller, Western Municipal Water District
 - Joe Mouawad, Eastern Municipal Water District
 - Stacie Takeguchi, Pasadena Water and Power
- b. Training Workshop on Climate Adaptation and Scenario Planning **21-2964**
- c. Demonstration of Adaptive Management Dashboard **21-2965**

4. FOLLOW-UP ITEMS

NONE

5. FUTURE AGENDA ITEMS

6. ADJOURNMENT

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Agenda

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EOT Committee

D. Erdman, Chair
M. Camacho, Vice Chair
D. Alvarez
G. Bryant
A. Chacon
B. Dennstedt
S. Faessel
L. Fong-Sakai
R. Lefevre
J. McMillan
C. Miller
J. Morris
M. Petersen
G. Peterson
K. Seckel
T. Smith

Engineering, Operations, and Technology Committee - Hidden

Meeting with Board of Directors *

February 12, 2024

9:30 a.m.

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**Monday, February 12, 2024
Meeting Schedule**

**09:30 a.m. EOT
12:00 p.m. Break
12:30 p.m. EIA
03:00 p.m. FAIRP**

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1. **Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))**

**** CONSENT CALENDAR ITEMS -- ACTION ****

2. **CONSENT CALENDAR OTHER ITEMS - ACTION**

- A. Approval of the Minutes of the Engineering, Operations, and Technology Committee for January 8, 2024 (Copies have been submitted to each Director, any additions, corrections, or omissions) **21-2992**

3. **CONSENT CALENDAR ITEMS - ACTION**

TBD

- 7-1 Authorize an increase of \$4.34 million to an agreement with Pure Technologies U.S. Inc. for a new not-to-exceed total amount of \$4.41 million to furnish and monitor an acoustic fiber optic PCCP pipe monitoring system along the Foothill Feeder; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [21-2981](#)
- 7-2 Award a \$7,842,856 contract to Power Engineering Construction Co. for the installation of a new floating wave attenuator at Diamond Valley Lake; the General Manager has determined that the project is exempt or otherwise not subject to CEQA [21-2982](#)
- 7-3 Authorize an agreement with Stantec Consulting Services Inc. in an amount not to exceed \$1 million for preliminary design to rehabilitate the solids removal systems at the Joseph Jensen and Henry J. Mills Water Treatment Plants; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [21-2983](#)
- 7-4 Award a \$544,501 procurement contract to Electric Machinery Company – A WEG Group to furnish one brushless motor exciter system for Gene Pumping Plant Unit No. 1; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA [21-2984](#)
- 7-5 Award a \$2,375,700 contract to J.F. Shea Construction Inc. for construction of a hazardous waste handling and storage facility at the La Verne site; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [21-2985](#)
- 7-6 Authorize amendments to two agreements for energy and transmission services with the Arizona Electric Power Cooperative, related to the termination and credits services provisions of those agreements; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA [21-2991](#)

**** END OF CONSENT CALENDAR ITEMS ****

4. OTHER BOARD ITEMS - ACTION

- 8-1 Authorize increases in change order authority for three contracts to conduct urgent rehabilitation of prestressed concrete cylinder pipe on the Allen-McColloch Pipeline; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA [21-2980](#)

5. BOARD INFORMATION ITEMS

- 9-2 Strategy for Implementation of Drought Mitigation Actions in Response to the August 2022 Board Resolution [21-2987](#)

6. COMMITTEE ITEMS

- a. Quarterly Cybersecurity Update **21-2986**
[Conference with Metropolitan Director of Info Tech Services, Information Technology, Jacob Margolis, or designated agents on threats to public services or facilities; to be heard in closed session pursuant to Gov. Code Section 54957(a)]
- b. Strategic Infrastructure Resilience Plan Development **21-2988**
- c. 2023 System Operations: A Year in Review **21-2990**
- d. Source Water Protection update **21-2989**

7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

- a. Engineering Services, Information Technology, and Water System Operations activities **21-2993**

8. SUBCOMMITTEE REPORTS AND DISCUSSION

- a. Report from Subcommittee on Subcommittee on Pure Water Southern California and Regional Conveyance **21-2995**
- b. Discuss and provide direction to Subcommittee on Pure Water Southern California and Regional Conveyance **21-2994**

9. FOLLOW-UP ITEMS

NONE

10. FUTURE AGENDA ITEMS

11. ADJOURNMENT

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The Metropolitan Water District of Southern California

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El&A Committee

T. McCoy, Chair
G. Cordero, Vice Chair
D. De Jesus
B. Dennstedt
L. Dick
A. Fellow
L. Fong-Sakai
J. Garza
G. Gray
M. Luna
N. Sutley

Equity, Inclusion, and Affordability Committee - Hidden

Meeting with Board of Directors *

February 12, 2024

12:30 p.m.

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Meeting Schedule**

**09:30 a.m. EOT
12:00 p.m. Break
12:30 p.m. EIA
03:00 p.m. FAIRP**

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1. **Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))**

**** CONSENT CALENDAR ITEMS -- ACTION ****

2. **CONSENT CALENDAR OTHER ITEMS - ACTION**

- A. Approval of the Minutes of the Equity, Inclusion, and Affordability Committee for January 8, 2024 (Copies have been submitted to each Director, Any additions, corrections, or omissions) **21-3008**

3. **CONSENT CALENDAR ITEMS - ACTION**

NONE

TBD

**** END OF CONSENT CALENDAR ITEMS ****

4. OTHER BOARD ITEMS - ACTION

NONE

5. BOARD INFORMATION ITEMS

NONE

6. COMMITTEE ITEMS

- | | | |
|----|---|---------|
| a. | Update on Diversity, Equity, and Inclusion Strategic Plan | 21-3010 |
| b. | Equity in Infrastructure Pledge Update | 21-3011 |
| c. | Workforce development Update | 21-3012 |
| d. | Legislation Panel on Affordability | 21-3013 |

Panelist:
TBD

7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

- | | | |
|----|---|---------|
| a. | Diversity, Equity, and Inclusion activities | 21-3009 |
|----|---|---------|

8. FOLLOW-UP ITEMS

NONE

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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FAIRP Committee

T. Smith, Chair
L. Dick, Vice Chair
D. Alvarez
J. Armstrong
A. Chacon
D. De Jesus
B. Dennstedt
L. Fong-Sakai
J. McMillan
C. Miller
M. Petersen
B. Pressman
T. Quinn
K. Seckel

Finance, Audit, Insurance, and Real Property Committee - Hidden

Meeting with Board of Directors *

February 12, 2024

3:00 p.m.

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Monday, February 12, 2024 Meeting Schedule

09:30 a.m. EOT 12:00 p.m. Break 12:30 p.m. EIA 03:00 p.m. FAIRP
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MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

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- 1. Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))**

**** CONSENT CALENDAR ITEMS -- ACTION ****

- 2. CONSENT CALENDAR OTHER ITEMS - ACTION**

- A. Approval of the Minutes of the Finance, Audit, Insurance, and Real Property Committee Meeting for January 9, 2024 (Copies have been submitted to each Director, any additions, corrections, or omissions)** **21-3022**

- 3. CONSENT CALENDAR ITEMS - ACTION**

TBD

7-12 Review and consider the State of California, Department of Transportation’s mitigated negative declaration; and authorize the General Manager to grant a permanent easement to the State of California, Department of Transportation for water pipeline purposes on Metropolitan fee-owned property in the County of Riverside [21-3025](#)

7-13 Set combined public hearing regarding: the proposed water rates and charges for calendar years 2025 and 2026 necessary to meet the revenue requirements for fiscal years 2024/25 and 2025/26; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [21-3023](#)

**** END OF CONSENT CALENDAR ITEMS ****

4. OTHER BOARD ITEMS - ACTION

NONE

5. BOARD INFORMATION ITEMS

9-5 Proposed biennial budget, which includes the Capital Investment Plan and revenue requirements for fiscal years 2024/25 and 2025/26; proposed water rates and charges for calendar years 2025 and 2026 to meet revenue requirements for fiscal years 2024/25 and 2025/26 [21-3024](#)

6. COMMITTEE ITEMS

- a. Pure Water Southern California Cost Recovery Alternatives Update **21-3030**
- b. Quarterly Investment Activities Report **21-3031**
- c. Historical Revenue and Expense Analysis **21-3032**

7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

- a. General Auditor's report on monthly activities **21-3026**
- b. Financial, Insurance, and Real Property activities **21-3027**

8. SUBCOMMITTEE REPORTS AND DISCUSSION

- a. Report from Subcommittee on Audits **21-3034**
- b. Discuss and provide direction to Subcommittee on Audits **21-3028**
- c. Report from Subcommittee on Long-Term Regional Planning Processes and Business Modeling **21-3033**

- d. Discuss and provide direction to Subcommittee on Long-Term Regional Planning Processes and Business Modeling **21-3029**

9. FOLLOW-UP ITEMS

NONE

10. FUTURE AGENDA ITEMS

11. ADJOURNMENT

NOTE: This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Committee agendas may be obtained on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>. This committee will not take any final action that is binding on the Board, even when a quorum of the Board is present.

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Requests for a disability-related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.

The Metropolitan Water District of Southern California

Agenda

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

L&C Committee

M. Luna, Chair
J. Garza, Vice Chair
M. Camacho
G. Cordero
L. Dick
C. Douglas
C. Kurtz
T. McCoy
C. Miller
G. Peterson
M. Ramos
K. Seckel

Legal and Claims Committee - Hidden

Meeting with Board of Directors *

February 13, 2024

8:30 a.m.

**Tuesday, February 13, 2024
Meeting Schedule**

**08:30 a.m. L&C
09:30 a.m. EOP
10:30 a.m. OWS
12:30 p.m. Break
01:00 p.m. BOD**

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1. Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))

2. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

A. General Counsel's report of monthly activities **21-3016**

**** CONSENT CALENDAR ITEMS -- ACTION ****

3. CONSENT CALENDAR OTHER ITEMS - ACTION

A. Approval of the Minutes of the Legal and Claims Committee for November 14, 2023 (Copies have been submitted to each Director, any additions, corrections, or omissions) **21-3017**

TBD

4. CONSENT CALENDAR ITEMS - ACTION

- 7-9 Approve amendments to the Metropolitan Water District Administrative Code to authorize the Human Resources Group Manager to make benefit adjustments for unclassified service employees to correspond with benefits provided to Metropolitan’s management unit; and to conform to current law, practices, and regulations; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [21-3019](#)

- 7-10 Approve amendments to the Metropolitan Water District Administrative Code Division II, Chapters 4, 5, and 7 and Division VII, Chapter 4 to modify the structure and duties of various committees; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [21-3020](#)

- 7-11 Approve: (1) changes to the Metropolitan Water District 457(b) and 401(k) deferred compensation plans to establish an investment committee and adopt investment committee bylaws; and (2) amendments necessary to conform the plans and the Metropolitan Administrative Code to the proposed changes, current law, practices, and regulations; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [21-3021](#)

**** END OF CONSENT CALENDAR ITEMS ****

5. OTHER BOARD ITEMS - ACTION

NONE

6. BOARD INFORMATION ITEMS

NONE

7. COMMITTEE ITEMS

- a. Quarterly Report on General Auditor Professional Services Contracts executed between September 1, 2023 and December 31, 2023, as required by Administrative Code Section 6453 **21-3018**

8. FOLLOW-UP ITEMS

NONE

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

TBD

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The Metropolitan Water District of Southern California

Agenda

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

EO&P Committee

M. Ramos, Chair
T. Phan, Vice Chair
G. Bryant
M. Camacho
G. Cordero
C. Douglas
D. Erdman
S. Faessel
L. Fong-Sakai
F. Jung
A. Kassakhian
J. McMillan
N. Sutley

Ethics, Organization, and Personnel Committee - Hidden

Meeting with Board of Directors *

February 13, 2024

9:30 a.m.

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Tuesday, February 13, 2024 Meeting Schedule

**08:30 a.m. L&C
09:30 a.m. EOP
10:30 a.m. OWS
12:30 p.m. Break
01:00 p.m. BOD**

MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

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- 1. Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))**

**** CONSENT CALENDAR ITEMS -- ACTION ****

- 2. CONSENT CALENDAR OTHER ITEMS - ACTION**

- A. Approval of the Minutes of the Ethics, Organization, and Personnel Committee for January 9, 2024 (Copies have been submitted to each Director, any additions, corrections, or omissions) 21-3014**

- 3. CONSENT CALENDAR ITEMS - ACTION**

NONE

TBD

**** END OF CONSENT CALENDAR ITEMS ****

4. OTHER BOARD ITEMS - ACTION

8-2 PLACEHOLDER Labor Negotiations [Closed & Open Session] 21-3015

5. BOARD INFORMATION ITEMS

NONE

6. COMMITTEE ITEMS

NONE

7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

NONE

8. FOLLOW-UP ITEMS

NONE

9. FUTURE AGENDA ITEMS

10. ADJOURNMENT

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The Metropolitan Water District of Southern California

Agenda

The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

OW&S Committee

T. Quinn, Chair
S. Faessel, Vice Chair
L. Ackerman
D. Alvarez
J. Armstrong
A. Chacon
G. Cordero
D. De Jesus
D. Erdman
L. Fong-Sakai
S. Goldberg
C. Kurtz
R. Lefevre
C. Miller
G. Peterson
B. Pressman
N. Sutley

One Water and Stewardship Committee - Hidden

Meeting with Board of Directors *

February 13, 2024

10:30 a.m.

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**Tuesday, February 13, 2024
Meeting Schedule**

**08:30 a.m. L&C
09:30 a.m. EOP
10:30 a.m. OWS
12:30 p.m. Break
01:00 p.m. BOD**

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1. **Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))**

**** CONSENT CALENDAR ITEMS -- ACTION ****

2. **CONSENT CALENDAR OTHER ITEMS - ACTION**

- A. Approval of the Minutes of the One Water and Stewardship Committee for January 8, 2024 (Copies have been submitted to each Director, any additions, corrections, or omissions) **21-3000**

3. **CONSENT CALENDAR ITEMS - ACTION**

7-7 Approve an adjustment to Metropolitan’s Member Agency Administered Program to allow member agencies to use up to 50 percent of their allocated funds under the flexible, non-documented water savings category; agencies with allocations less than \$50,000 are able to use 100 percent of their Member Agency Administered Program allocation for flexible, non-documented water savings projects/programs; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [21-2998](#)

7-8 Water Surplus and Drought Management Plan One-Year Transfers [21-3001](#)

**** END OF CONSENT CALENDAR ITEMS ****

4. OTHER BOARD ITEMS - ACTION

NONE

5. BOARD INFORMATION ITEMS

9-3 Proposed Supplemental Water Management Program [21-2999](#)

6. COMMITTEE ITEMS

- a. Delta Islands Strategic Value, Fiscal, and Risk Analysis **21-2997**
- b. Update on Conservation, January 2024 **21-3002**
- c. Update on the Flow Monitor/Leak Detection Device Pilot Program **21-3003**
- d. Update on Water Surplus and Drought Management **21-3004**

7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

a. Bay-Delta Resources, Colorado River Resources, Sustainability, Resilience and Innovation, and Water Resource Management activities **21-2996**

8. SUBCOMMITTEE REPORTS AND DISCUSSION

- a. Discuss and provide direction to Subcommittee on Bay-Delta **21-3006**
- b. Discuss and provide direction to Subcommittee on Demand Management and Conservation Programs and Priorities **21-3007**

9. FOLLOW-UP ITEMS

NONE

10. FUTURE AGENDA ITEMS

11. ADJOURNMENT

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The Metropolitan Water District of Southern California

Agenda

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Board of Directors - Hidden

February 13, 2024

1:00 PM

Tuesday, February 13, 2024
Meeting Schedule

08:30 a.m. L&C
09:30 a.m. EOP
10:30 a.m. OWS
12:30 p.m. Break
01:00 p.m. BOD

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1. Call to Order

- a. Invocation: Director Ardy Kassakhian, City of Glendale
- b. Pledge of Allegiance: Director Carl E. Douglas, City of Los Angeles

2. Roll Call

3. Determination of a Quorum

4. Opportunity for members of the public to address the Board on matters within the Board's jurisdiction. (As required by Gov. Code §54954.3(a))

5. OTHER MATTERS AND REPORTS

- A. Report on Directors' Events Attended at Metropolitan's Expense **21-2972**
- B. Chair's Monthly Activity Report **21-2973**
- C. General Manager's summary of activities **21-2974**

- | | | |
|----|---|---------|
| D. | General Counsel's summary of activities | 21-2975 |
| E. | General Auditor's summary of activities | 21-2976 |
| F. | Ethics Officer's summary of activities | 21-2977 |

**** CONSENT CALENDAR ITEMS -- ACTION ****

6. CONSENT CALENDAR OTHER ITEMS - ACTION

- | | | |
|----|---|---------|
| A. | Approval of the Minutes of the Board of Directors Meeting for January 9, 2024 (Copies have been submitted to each Director, any additions, corrections, or omissions) | 21-2978 |
| B. | Approve Committee Assignments | |

7. CONSENT CALENDAR ITEMS - ACTION

- | | | |
|-----|--|--------------------------------|
| 7-1 | Authorize an increase of \$4.34 million to an agreement with Pure Technologies U.S. Inc. for a new not-to-exceed total amount of \$4.41 million to furnish and monitor an acoustic fiber optic PCCP pipe monitoring system along the Foothill Feeder; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EOT) | <u>21-2981</u> |
| 7-2 | Award a \$7,842,856 contract to Power Engineering Construction Co. for the installation of a new floating wave attenuator at Diamond Valley Lake; the General Manager has determined that the project is exempt or otherwise not subject to CEQA (EOT) | <u>21-2982</u> |
| 7-3 | Authorize an agreement with Stantec Consulting Services Inc. in an amount not to exceed \$1 million for preliminary design to rehabilitate the solids removal systems at the Joseph Jensen and Henry J. Mills Water Treatment Plants; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EOT) | <u>21-2983</u> |
| 7-4 | Award a \$544,501 procurement contract to Electric Machinery Company – A WEG Group to furnish one brushless motor exciter system for Gene Pumping Plant Unit No. 1; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA (EOT) | <u>21-2984</u> |
| 7-5 | Award a \$2,375,700 contract to J.F. Shea Construction Inc. for construction of a hazardous waste handling and storage facility at the La Verne site; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (EOT) | <u>21-2985</u> |

- 7-6** Authorize amendments to two agreements for energy and transmission services with the Arizona Electric Power Cooperative, related to the termination and credits services provisions of those agreements; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA (EOT) [21-2991](#)
- 7-7** Approve an adjustment to Metropolitan's Member Agency Administered Program to allow member agencies to use up to 50 percent of their allocated funds under the flexible, non-documented water savings category; agencies with allocations less than \$50,000 are able to use 100 percent of their Member Agency Administered Program allocation for flexible, non-documented water savings projects/programs; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (OWS) [21-2998](#)
- 7-8** Water Surplus and Drought Management Plan One-Year Transfers (OWS) [21-3001](#)
- 7-9** Approve amendments to the Metropolitan Water District Administrative Code to authorize the Human Resources Group Manager to make benefit adjustments for unclassified service employees to correspond with benefits provided to Metropolitan's management unit; and to conform to current law, practices, and regulations; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (LC) [21-3019](#)
- 7-10** Approve amendments to the Metropolitan Water District Administrative Code Division II, Chapters 4, 5, and 7 and Division VII, Chapter 4 to modify the structure and duties of various committees; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (LC) [21-3020](#)
- 7-11** Approve: (1) changes to the Metropolitan Water District 457(b) and 401(k) deferred compensation plans to establish an investment committee and adopt investment committee bylaws; and (2) amendments necessary to conform the plans and the Metropolitan Administrative Code to the proposed changes, current law, practices, and regulations; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (LC) [21-3021](#)

- 7-12** Review and consider the State of California, Department of Transportation's mitigated negative declaration; and authorize the General Manager to grant a permanent easement to the State of California, Department of Transportation for water pipeline purposes on Metropolitan fee-owned property in the County of Riverside (FAIRP) [21-3025](#)
- 7-13** Set combined public hearing regarding: the proposed water rates and charges for calendar years 2025 and 2026 necessary to meet the revenue requirements for fiscal years 2024/25 and 2025/26; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA (FAIRP) [21-3023](#)
- 7-14** Approve Metropolitan's annual membership in the Center for Energy Advancement through Technological Innovation and annual dues payment of \$27,300 for the Transmission Planning and Operations interest group; the General Manager determined that the proposed action is exempt or otherwise not subject to CEQA (LRAC) [21-3035](#)

**** END OF CONSENT CALENDAR ITEMS ****

8. OTHER BOARD ITEMS - ACTION

- 8-1** Authorize increases in change order authority for three contracts to conduct urgent rehabilitation of prestressed concrete cylinder pipe on the Allen-McColloch Pipeline; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA (EOT) [21-2980](#)
- 8-2** PLACEHOLDER Labor Negotiations [Closed & Open Session] (EOP) [21-3015](#)

9. BOARD INFORMATION ITEMS

- 9-1** Conservation Board Report [21-2979](#)
- 9-2** Strategy for Implementation of Drought Mitigation Actions in Response to the August 2022 Board Resolution (EOT) [21-2987](#)
- 9-3** Proposed Supplemental Water Management Program (OWS) [21-2999](#)
- 9-4** Proposed biennial budget, which includes the Capital Investment Plan and revenue requirements for fiscal years 2024/25 and 2025/26; proposed water rates and charges for calendar years 2025 and 2026 to meet revenue requirements for fiscal years 2024/25 and 2025/26 (FAIRP) [21-3024](#)

9-5 Report on Activities from Washington, D.C. (LRAC) [21-3036](#)

9-6 Report on Activities from Sacramento (LRAC) [21-3037](#)

11. FOLLOW-UP ITEMS

NONE

12. FUTURE AGENDA ITEMS

13. ADJOURNMENT

NOTE: Each agenda item with a committee designation will be considered and a recommendation may be made by one or more committees prior to consideration and final action by the full Board of Directors. The committee designation appears in parenthesis at the end of the description of the agenda item, e.g. (EOT). Board agendas may be obtained on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>

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BOARD UPDATES

Schedule of Meetings – February 2024

Monday, February 5

9:00 a.m. Subcommittee on Long-Term Regional Planning Processes – CAMP4W Taskforce

Monday, February 12

9:30 a.m. Engineering, Operations, and Technology Committee

12:00 p.m. Break

12:30 p.m. Equity, Inclusion, and Affordability Committee

3:00 p.m. Finance, Audit, Insurance, and Real Property Committee Workshop (Budget)

Tuesday, February 13

8:30 a.m. Legal and Claims

~~9:30~~ 10:00
a.m. Ethics, Organization, and Personnel Committee

12:00 p.m. Break

~~10:30~~
~~a.m.~~ 12:30
p.m. One Water and Stewardship Committee

~~12:30 p.m.~~ Break

~~4:00~~ 2:30
p.m. Board of Directors Meeting

Tuesday, February 27

9:30 a.m. Finance, Audit, Insurance, and Real Property Committee Workshop (Budget)

12:30 p.m. Break

1:00 p.m. Executive Committee

2:00 p.m. Subcommittee on Audits

Wednesday, February 28

9:30 a.m. Subcommittee on Long-Term Regional Planning Processes – CAMP4W Taskforce



- **Executive Committee**

1/23/2024 Committee Meeting

5c

Subject

Review proposed amendments to the Metropolitan Water District Administrative Code to modify the structure and duties of various committees

Executive Summary

The proposed amendments to Administrative Code Division II, Chapters 2, 4, and 7, Division IV, Chapters 3 and 5, Division V, Chapters 1 and 3, Division VI, Chapter 4, Division VII, Chapter 4, and Division VIII, Chapter 1 will update the Code to modify the structure and duties of various committees to provide clarity and conform the committee structure to the current workload and priorities of the Board. The proposed amendments will be considered for approval at the February board meeting.

Fiscal Impact

None

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 Action(s)/Future Action(s)

Proposed amendments will be forwarded, with any changes recommended by the Executive Committee, to the Board in February 2024 for approval. Future changes will be based on the workload and priorities of the Board as they change.

Details and Background

This letter sets forth recommendations by the Chair of the Board for amendments to Metropolitan's Administrative Code Division II, Chapters 2, 4, and 7, Division IV, Chapters 3 and 5, Division V, Chapters 1 and 3, Division VI, Chapter 4, Division VII, Chapter 4, and Division VIII, Chapter 1 relating to the Board committee structure and duties to provide clarity and consistency with the Board's current workload and priorities. The recommendations include the termination and creation of certain ad hoc and subcommittees, as set forth below. The proposed amendments creating new ad hoc and subcommittees are contingent upon the acceptance and implementation of the recommended changes herein.

The proposed changes include:

- Amend the duties and functions of the Ad Hoc Subcommittee on Equal Employment Opportunity Investigations (EEO Ad Hoc Subcommittee) of the Executive Committee, that reviews substantiated allegations of EEO violations by a Director, the General Manager, General Counsel, General Auditor or Ethics Officer, to add the additional authority to review substantiated ethics violations, and make additional clarifying procedural changes.

- Eliminate the Subcommittee on Audits and the Ad Hoc Committee on the Implementation of the State Audit, and the transfer of their responsibilities to a new Audit Subcommittee of the Executive Committee.
- Rename the Finance, Audit, Insurance and Real Property Committee (FAIRP) as the Finance and Asset Management Committee. Delete the audit-related duties from FAIRP and transfer them to the new Audit Subcommittee of the Executive Committee.
- Increase the number of nonofficer members from three (3) to four (4) serving on the Executive Committee.
- Rename the Legislation, Regulatory Affairs and Communications Committee (LRAC) as the Legislation and Communications Committee. Delete regulatory matters from the duties of this committee; such matters will be addressed by the appropriate committee based upon the substance of the regulation. Further, eliminate the LRAC Subcommittee on Public Affairs Engagement.

The proposed amendments, and the amendments authorized by the Board at the January 9, 2024 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.

The Administrative Code is proposed to be amended as follows:

1. Amend Administrative Code sections relating to the duties and functions of the Executive Committee by amending Section 2416(f)(5) to:
 - i. Authorize the EEO Ad Hoc Subcommittee to also consider substantiated findings of ethics violations by a Director, the General Manager, General Counsel, General Auditor or Ethics Officer. (Section 2416(f)(5)(i), (ii), (iii), (iv), (v), and (vi).)
 - ii. Clarify that the EEO Ad Hoc Subcommittee may consider and implement alternative investigation procedures with the advice of outside counsel for this subcommittee when the Chief EEO Officer, Ethics Officer, and General Counsel all have a conflict precluding each of them from managing an investigation. (Section 2416(f)(5)(iv).) Clarify the requirement to obtain approval from the EEO Ad Hoc Subcommittee for deviation from investigative procedure. (Section 2416(f)(5)(vii).)
 - iii. Clarify that the EEO Ad Hoc Subcommittee reviews and makes recommendations to the full Board to address substantiated findings of alleged EEO or ethics violations. (Section 2416(f)(5)(vi).)
 - iv. Rename the EEO Ad Hoc Subcommittee as the Ad Hoc Subcommittee on Equal Employment Opportunity and Ethics Investigations. (Section 2416(f)(5)(i).)

Make conforming amendments to Sections 7405(a) and (b) to transfer the reporting duties of the Ethics Officer, or General Counsel, as applicable, on retaining outside counsel for investigations to the Executive Committee.

2. Eliminate FAIRP's Subcommittee on Audits in Section 2204(3)(a) and the Board's Ad Hoc Committee on the Implementation of the State Audit. Recommend that the current responsibility of these two committees be transferred to the proposed Audit Subcommittee of the Executive Committee at Section 2416(f)(6). Add Section 2416(f)(6) to require the Executive Committee to form an Audit Subcommittee, whose membership will include the at-large members of the Executive Committee. This subcommittee shall have the responsibility to monitor compliance with the recommendations of the State Audit 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.

- c. Requests from other committees of the Board 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 the Audit Department business plan containing the key priorities for the coming year of the General Auditor and the Audit Department in advance of the July Board meeting.
- 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.

Make conforming, non-substantive amendments to Administrative Code Sections 2703 and 2722 transferring the General Auditor's annual and quarterly reporting functions from FAIRP to the Executive Committee. Make further conforming, non-substantive amendments to Administrative Code Division VII, Sections 6416, 6436, 6450(a), (b), (d), (e), and (f), 6451(b), (d), and (e), and 6453 transferring the General Auditor's duties and responsibilities outlined in Article 4 (General Auditor) from FAIRP to the Executive Committee.

3. Amend Administrative Code Sections 2204(3) and (3)(a), 2400, 2440, and 2441 to rename the FAIRP as the Finance and Asset Management Committee. Delete Administrative Code sections 2441(h), (i), (j), and (o), and renumber the remaining provisions therein, and transfer these audit duties from FAIRP to the Executive Committee.

Make conforming, non-substantive amendments to rename FAIRP as the Finance and Asset Management Committee at Administrative Code Division II, Sections 2701(b), 2720(b) and (c), and 2750 and Division V, Sections 5104(b), 5107(a), and 5305 concerning reporting duties of the Treasurer, General Manager, and Controller, Division IV, Sections 4304(a), (b), (c), (d), 4305(a) and (b) and 4507(g)(3) concerning billing and payment for water deliveries, and Division VIII, Sections 8248(b) and 8257 concerning real property reporting duties of the General Manager.

4. Amend Administrative Code Sections 2410 and 2411 to increase the number of nonofficer members from three (3) to four (4) serving on the Executive Committee.
5. Amend Administrative Code sections 2460 and 2461 to rename LRAC as the Legislation and Communications Committee, delete references to regulations from Sections 2461(a), (b), and (c), and amend Administrative Code Section 2204(2)(a) to eliminate the LRAC Subcommittee on Public Affairs Engagement.
6. Amend Administrative Code Section 2204(1)(b) to delete the Subcommittee on Bay-Delta to conform to the Board's January 2024 approval of this action.


Adan Ortega, Jr.
Chair of the Board

1/19/2024

Date

Attachment 1 – The Administrative Code of The Metropolitan Water District of Southern California (with changes marked)
Attachment 2 – The Administrative Code of The Metropolitan Water District of Southern California (clean copy)

Division II

PROCEDURES PERTAINING TO BOARD, COMMITTEES AND DIRECTORS

Chapter 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 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 Bay Delta~~ 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, ~~Regulatory Affairs~~, and Communications Committee ~~and the Subcommittee on Public Affairs Engagement~~.

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

(a) Finance, ~~Audit, Insurance, and Real Property and Asset Management~~ Committee ~~and the Subcommittee on Audits~~, 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 4

STANDING COMMITTEES

Article		Sec.
1	General	2400
2	Executive Committee	2410
3	Engineering, Operations and Technology Committee	2430
4	Finance, Audit, Insurance and Real Property and Asset Management Committee	_____
	2440	
5	Legal and Claims Committee	2450
6	Legislations, Regulatory Affairs and Communications Committee	_____
	2460	
7	Ethics, Organization and Personnel Committee	2470
8	One Water and Stewardship Committee	2480
9	Equity, Inclusion and Affordability Committee	2490

Article 1

GENERAL

§ 2400. Identification of Standing Committees.

The Standing Committees of the Board of Directors are:

Executive Committee
 Engineering, Operations and Technology Committee
 Finance, ~~Audit, Insurance and Real Property and Asset Management~~ Committee
 Legal and Claims Committee
 Legislation, ~~Regulatory Affairs~~ and Communications Committee
 Ethics, Organization and Personnel Committee
 One Water and Stewardship Committee
 Equity, Inclusion and Affordability Committee

Article 2

EXECUTIVE COMMITTEE

§ 2410. Membership.

The Executive Committee shall consist of the Chair, Vice Chairs, 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 ~~three~~ four (4) additional directors as nonofficer members.

§ 2411. Selection of Nonofficer Members.

The ~~three~~ four (4) nonofficer members of the Executive Committee shall be nominated from the floor and elected at the January meeting of the Board.

§ 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) Ad Hoc Subcommittee on Equal Employment Opportunity and Ethics Investigations.

(i) The Executive Committee shall create an Ad Hoc Subcommittee on Equal Employment Opportunity and Ethics Investigations (EEO-EI Ad Hoc Subcommittee) which shall address substantiated allegations of discrimination, harassment, and retaliation and ethics violations against directors, Department Heads, the General Manager, General Counsel, General Auditor, and Ethics Officer.

(ii) ~~The Executive Committee shall create an ad hoc subcommittee.~~ The EEO-EI Ad Hoc Subcommittee shall consist of three (3) members and two (2) alternates that will serve for a period of one (1) year to address substantiated findings of violations determined as a result of Equal Employment Opportunity (EEO) or ethics investigations conducted for alleged violations of Section 2131 (Prohibition of Discrimination, Harassment, and Retaliation by Directors) made against a director and for alleged violations of Section 6305 (Nondiscrimination, Harassment, and Retaliation by Officers and Employees) made against the General Manager, General Counsel, General Auditor, ~~or~~ Ethics Officer, or a Department Head.

(iii) If any director serving on the ~~three-member subcommittee~~ EEO-EI Ad Hoc Subcommittee is an involved party to an EEO or ethics 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) or Ethics Officer, as appropriate to the investigation, will select an alternate director to fulfill all ~~subcommittee~~EEO-EI Ad Hoc 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. If the Ethics Officer has a conflict of interest in the same matter, the EEO Officer and/or General Counsel will select an alternate director. Directors serving as alternates will not participate in EEO-EI Ad Hoc Subcommittee ~~ad hoc committee~~ matters unless or until called to serve.

(ivii) The Executive Committee ~~shall will also~~ select an external law firm to serve as counsel to the EEO-EI Ad Hoc Subcommittee ~~ad hoc subcommittee~~ to provide guidance, as needed, on for alternative investigation procedures, when either the EEO Officer, Ethics Officer, or General Counsel is an involved party to an EEO or ethics investigation, or has a conflict of interest with any involved party to an EEO or ethics investigation, and for post investigation actions.

(iviii) The EEO-EI Ad Hoc Subcommittee ~~ad hoc subcommittee~~ shall delegate to the EEO Officer or Ethics Officer, as appropriate to the investigation, the responsibility to designate an external investigator to conduct a fact-finding EEO or ethics investigation pursuant to this section. ALL EEO and ethics investigations will be fair, impartial, timely, and promptly initiated and completed by qualified personnel. Investigative procedures for Detailed EEO investigations ~~investigative procedures, pursuant to this section~~ can be found in EEO Investigative Procedures for the Board and its Direct Reports and for ethics investigations can be found at Section 7405 (Investigations of Directors, General Manager, General Counsel, General Auditor, or Ethics Officer). The EEO Officer and Ethics Officer shall refer their respective, substantiated findings of EEO and ethics investigations to the EEO-EI Ad Hoc Subcommittee ~~ad hoc subcommittee~~ to determine recommended appropriate action. At its discretion, the EEO-EI Ad Hoc Subcommittee ~~ad hoc subcommittee~~ may consult with the EEO Officer, Ethics Officer, and/or General Counsel on appropriate action regarding a director or Department Head.

(v) The EEO-EI Ad Hoc Subcommittee ~~ad hoc subcommittee~~ shall report any-a substantiated finding of an EEO or ethics 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.

(vi) 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 of EEO and ethics violations under this subsection shall be referred directly to the EEO-EI Ad Hoc Subcommittee ~~ad hoc committee~~ to determine recommended appropriate action for the Board's consideration.

(vii) A deviation of this investigation protocol by the EEO Officer, Ethics Officer or General Counsel may occur, in certain circumstances, with a written justification and approval of the EEO-EI Ad Hoc ad hoc committee Subcommittee, responsible for EEO investigations of directors and department heads

(viii) 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 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 4

FINANCE, ~~AUDIT, INSURANCE AND REAL PROPERTY~~ AND ASSET MANAGEMENT COMMITTEE

§ 2440. Day of Regular Meetings.

The regular meetings of the Finance, ~~Audit, Insurance and Real Property and Asset Management~~ Committee shall be held on the Monday preceding regular Board meetings or on the Tuesday of regular meetings.

§ 2441. Duties and Functions.

The Finance, ~~Audit, Insurance and Real Property 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) With respect to the duties and functions of the General Auditor, this Committee shall study, advise and make recommendations with regard to:
 - i. All reports of the General Auditor and external auditors, including the audited financial statements of the District;
 - ii. The Audit Department's annual business plan and biennial budget; and
 - iii. Requests from other committees of the Board for audits and reviews not included in the Audit Department's annual business plan.~~
- ~~———(i) Monitoring and overseeing 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. It shall review and approve the Audit Department business plan containing the key priorities for the coming year of the General Auditor and the Audit Department in advance of the July Board meeting.~~
- ~~———(j) 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.~~
- (~~h~~k) The financial aspects of the District's risk management program;
- (~~i~~l) Questions pertaining to insurance coverage and self-insurance;
- (~~j~~m) The selection of financial and insurance consultants and the determination of the scope of their assignments;
- (~~k~~n) Form and contents of accounts, financial reports, and financial statements;
- (~~l~~o) Proposed amendments to the Metropolitan Water District Act affecting the finance, ~~audit, insurance and real property and asset management~~ functions of the District;
- (~~m~~p) 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~~q) The prices and conditions governing water transactions, including, but not limited to, sales, exchanges, and wheeling sales of water;

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

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

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

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

~~(sv)~~ 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;

~~(tw)~~ 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;

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

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

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

~~(yaa)~~ Policies for the acquisition of rights-of-way;

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

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

~~(bbdd)~~ The operation and maintenance of buildings;

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

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

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

Article 6

THE LEGISLATION, ~~REGULATORY AFFAIRS~~ AND COMMUNICATIONS COMMITTEE

§ 2461. Duties and Functions.

The Legislation, ~~Regulatory Affairs~~ 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 ~~and regulations~~, or amendments thereto, that may affect the District;
- (b) Recommendations for new legislation ~~or regulations~~ 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 ~~and regulations~~;
- (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.

Chapter 7

PERIODIC STAFF REPORTS TO BOARD AND COMMITTEES

Article 1

ANNUAL REPORTS

§ 2701. Treasurer's Reports

- (a) The Treasurer shall annually report to the Board on the investment policy of the District.
- (b) The Treasurer shall report to the Finance, ~~Audit, Insurance and Real Property and Asset Management~~ Committee:
 - (1) All payments after loss of a bond interest coupon made pursuant to Section 5104; and
 - (2) All issuances of duplicate bonds made pursuant to Section 5105.

§ 2703. General Auditor's Report

The General Auditor shall annually report to the ~~Executive Committee Finance, Audit, Insurance and Real Property Committee~~ a business plan containing the General Auditor's key priorities for the coming year for the Audit Department as required by Sections 2501 and 6451.

Article 2

QUARTERLY REPORTS

§ 2720. General Manager's Quarterly Reports.

The General Manager shall quarterly make the following reports:

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

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

(c) To the Finance, ~~Audit, Insurance and Real Property and Asset Management~~ Committee:

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

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

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

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

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

(d) To the Legal and Claims Committee, jointly with the General Counsel, the exercise of any power delegated to them by Sections 6431, 6433 and 6434, and, in addition any and all other personnel-related settlements that invoke confidentiality or have any financial impact – including paid and reinstated leave – regardless of settlement type. The reporting on personnel-related settlements should include whether equal employment opportunity issues were implicated, whether the employee is still employed by the District, the existence and type of any financial or confidentiality terms, and whether the District has taken any corrective action in response to the alleged issues.

(e) To the Engineering, Operations and Technology Committee:

(1) The status of all information technology projects throughout the organization.

(2) The employment of any professional and technical consultant, the extension of any professional and technical consulting agreement, on the exercise of authority under Section 8121(c) and 8122(h) and the execution of any contract authorized pursuant to Section 8122(g) during the preceding calendar quarter. The report covering the last calendar quarter of the year may be combined with and included in the annual report. Each such report shall indicate when a consultant is a former employee of the District.

§ 2722. General Auditor's Quarterly Reports.

The General Auditor shall report to the ~~Finance, Audit, Insurance and Real Property Executive~~ Committee the exercise of any power delegated to the General Auditor by Section 6453.

Article 4

MISCELLANEOUS REPORTS

§ 2750. Escheat to District of Unclaimed Funds.

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

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, ~~Audit, Insurance and Real Property~~ 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, Audit, Insurance and Real Property~~ 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, Audit, Insurance, and Real Property~~ Committee has determined to be necessary.

(c) Not later than its February meeting the Finance ~~and Asset Management, Audit, Insurance and Real Property~~ Committee shall set a time or times for, and shall thereafter hold, one or more meetings of the Finance ~~and Asset Management, Audit, Insurance and Real Property~~ 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 committee. The Finance ~~and Asset Management, Audit, Insurance and Real Property~~ 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 Finance ~~and Asset Management, Audit, Insurance and Real Property~~ 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, Audit, Insurance, and Real Property~~ 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, Audit, Insurance, and Real Property~~ 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 and Asset Management, ~~Audit, Insurance and Real Property~~ 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 _____, 1920 .

(enter name of insurance company)

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

§ 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, ~~Audit, Insurance and Real Property and Asset Management~~ 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, ~~Audit, Insurance and Real Property and Asset Management~~ Committee of the Board any exercise of authority pursuant to this Chapter.

Division VI**PERSONNEL MATTERS****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 Finance, Audit, Insurance, and Real Property~~ Committee and the Ethics Officer to the Ethics, Organization and Personnel 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 ~~Finance, Audit, Insurance, and Real Property~~ Executive Committee, and the Ethics Officer to the Ethics, Organization and Personnel 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 ~~Finance, Audit, Insurance and Real Property~~ 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 Finance, Audit, Insurance and Real Property~~ 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 Finance ~~and Asset Management, Audit, Insurance and Real Property~~ 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 ~~Finance, Audit, Insurance and Real Property~~ Executive Committee. The General Auditor shall have the discretion to determine the form and content of such audit reports, subject to guidance by the ~~Finance, Audit, Insurance and Real Property~~ 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 ~~Finance, Audit, Insurance and Real Property~~ Executive Committee shall be submitted to the General Manager and General Counsel for review and comment simultaneously to their submittal to the Finance, Audit, Insurance and Real Property Committee.

(e) The General Auditor shall transmit all reports issued by the District's external auditors to the ~~Finance, Audit, Insurance and Real Property~~ 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 ~~Subcommittee on Audits~~ Audit Subcommittee for study, advise, and recommendation, or if such subcommittee is not currently in place, the ~~Finance, Audit, Insurance, and Real Property~~ 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.

§ 6451. Audit Department Charter.

(a) Mission and Scope of Work - The mission of the Audit Department is to provide independent, professional, objective assurance and consulting services designed to add value and improve Metropolitan's operations. It helps the organization accomplish its objectives by using a proactive, systematic approach to evaluate and improve the effectiveness of risk management, control and governance processes. The scope of work of the Audit Department is to determine whether the organization's network of risk management, internal control and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- (1) Risks are appropriately identified, managed and monitored;
- (2) Significant financial, managerial and operating information is accurate, reliable and timely;
- (3) Employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations;
- (4) Resources are acquired economically, used efficiently, and adequately protected;
- (5) Programs, plans, and objectives are achieved;
- (6) Quality and continuous improvement are fostered in the organization's control process;
- (7) Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately;

Opportunities for improving management internal control, efficiency and the organization's image may be identified during audits. They will be communicated to the appropriate level of management.

(b) Accountability - The General Auditor shall be accountable to the Board of Directors and the ~~Finance, Audit, Insurance and Real Property Executive~~ Committee to:

- (1) Advise on the adequacy and effectiveness of the organization's processes for controlling its activities and managing its risks;
- (2) Report significant issues related to the processes for controlling the activities of the organization, including potential improvements to those processes, and provide information concerning such issues through to resolution;
- (3) Coordinate with other Metropolitan control and monitoring functions (risk management, legal, finance, ethics, security and environmental);

(c) Professional Standards – The Audit Department shall govern itself by adherence to The Institute of Internal Auditors' mandatory guidance, including the Definition of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing (Standards)*. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the Audit Department's performance. These documents constitute the operating procedures for the department and constitute an addendum to the charter.

The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers shall also be adhered to as applicable. In addition, Audit Department staff shall adhere to Metropolitan's policies and procedures, the California Government Code; Government Auditing Standards (GAGAS); and the Audit Department's Policies and Procedures Manual.

(d) Responsibilities - The Audit Department shall carry out the following responsibilities:

(1) Develop and present a flexible annual audit plan to the ~~Finance, Audit, Insurance and Real Property Executive~~ Committee for review and approval. This plan should be developed utilizing a risk-based methodology and should include risks or internal control concerns identified by Management or the Board of Directors;

(2) Report periodically to the ~~Finance, Audit, Insurance and Real Property Executive~~ Committee and Management the status of the current year's audit plan and the sufficiency of department resources;

(3) Issue an opinion on internal controls over financial reporting on an annual basis;

(4) Submit audit reports to the ~~Finance, Audit, Insurance and Real Property Executive~~ Committee and Management communicating the auditor's opinion regarding the internal control structure, identifying significant control issues and providing related recommendations;

(5) Evaluate the adequacy and timeliness of Management's responses to, and the corrective action taken on, all significant control issues noted in such reports. Conduct follow-up reviews as necessary and periodically report to the ~~Finance, Audit, Insurance and Real Property Executive~~ Committee the status of Management's progress;

(6) Ensure the selection, development and supervision of competent and professional audit staff;

(7) Perform a quality assurance program by which the General Auditor evaluates internal auditing activities against professional standards. Obtain external quality assurance review as required by GAGAS and the *Standards*;

(8) Perform consulting services to assist management in meeting its objectives.

Examples may include facilitation, process design, training, and advisory services;

(9) Evaluate additions or changes in internal control processes coincident with their development and implementation;

(10) Keep the ~~Finance, Audit, Insurance and Real Property Executive~~ Committee informed of significant emerging trends and best practices in internal auditing and governance;

(11) Assist in the investigation of significant suspected fraudulent activities within the organization. Assure reporting to the ~~Finance, Audit, Insurance and Real Property Executive~~ Committee on the results, as appropriate;

(12) Coordinate with external auditors to minimize duplication of effort and to ensure that issues raised, as a result of their review, are appropriately addressed.

(e) Authority - The General Auditor and Audit Department staff members are authorized to:

(1) Have unrestricted access to all functions, records, property, and personnel, subject to the requirements of safekeeping, confidentiality and applicable process;

(2) Have full and free access to the ~~Finance, Audit, Insurance and Real Property Executive~~ Committee, subject to applicable law,

(3) Allocate resources, set frequencies, and select subject, determine scopes of work, and apply the techniques required to accomplish audit objectives;

(4) Obtain the necessary assistance of personnel in units of the organization where they perform audit, as well as other specialized services from within or outside the organization;

The General Auditor and Audit Department staff members are not authorized to:

- (1) Perform any operational duties for the organization;
- (2) Initiate or approve accounting transactions external to the internal auditing department;
- (3) Direct the activities of any organization employee not employed by the internal auditing department, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

This Charter shall be reviewed at least annually by the ~~Finance, Audit, Insurance and Real Property Executive~~ Committee and Board of Directors.

§ 6453. Authority to Obtain Professional Services.

The General Auditor is authorized to employ the services of independent auditors or other professional or technical consultants to advise or assist them in performing their assigned duties as may be required or as they deem necessary provided that the amount to be expended in fees, costs, and expenses under any one contract in any one year shall not exceed \$40,000. External auditors, while employed as external auditors for Metropolitan, are prohibited from performing any other consulting work for Metropolitan or performing any work for other clients that conflicts, or may conflict, with their responsibilities as Metropolitan's external auditors. These prohibitions shall be included in Metropolitan's agreements with external auditors. The General Auditor shall inform the ~~Finance, Audit, Insurance and Real Property Executive~~ Committee whenever they exercise the authority granted under this section and they shall further report quarterly to the Legal and Claims Committee concerning any agreements entered into under this section.

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 ~~Audit and Ethics Executive~~ 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 ~~Audit and Ethics Executive~~ Committee Chair.

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

Division VIII

CONTRACTS/DISTRICT PROPERTY

Chapter 1

CONTRACTS

§ 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, ~~Audit, Insurance and Real Property and Asset Management~~ 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, ~~Audit, Insurance and Real Property and Asset Management~~ 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 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 4

STANDING COMMITTEES

Article		Sec.
1	General	2400
2	Executive Committee	2410
3	Engineering, Operations and Technology Committee	2430
4	Finance and Asset Management Committee	2440
5	Legal and Claims Committee	2450
6	Legislations and Communications Committee	2460
7	Ethics, Organization and Personnel Committee	2470
8	One Water and Stewardship Committee	2480
9	Equity, Inclusion and Affordability Committee	2490

Article 1

GENERAL

§ 2400. Identification of Standing Committees.

The Standing Committees of the Board of Directors are:

Executive Committee
 Engineering, Operations and Technology Committee
 Finance and Asset Management Committee
 Legal and Claims Committee
 Legislation and Communications Committee
 Ethics, Organization and Personnel Committee
 One Water and Stewardship Committee
 Equity, Inclusion and Affordability Committee

Article 2

EXECUTIVE COMMITTEE

§ 2410. Membership.

The Executive Committee shall consist of the Chair, Vice Chairs, 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.

§ 2411. Selection of Nonofficer Members.

The four (4) nonofficer members of the Executive Committee shall be nominated from the floor and elected at the January meeting of the Board.

§ 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 §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) Ad Hoc Subcommittee on Equal Employment Opportunity and Ethics Investigations.

(i) The Executive Committee shall create an Ad Hoc Subcommittee on Equal Employment Opportunity and Ethics Investigations (EEO-EI Ad Hoc Subcommittee) which shall address substantiated allegations of discrimination, harassment, and retaliation and ethics violations against directors, Department Heads, the General Manager, General Counsel, General Auditor, and Ethics Officer.

(ii) The EEO-EI Ad Hoc Subcommittee shall consist of three (3) members and two (2) alternates that will serve for a period of one (1) year to address substantiated findings of violations determined as a result of Equal Employment Opportunity (EEO) or ethics investigations conducted for alleged violations of Section 2131 (Prohibition of Discrimination, Harassment, and Retaliation by Directors) made against a director and for alleged violations of Section 6305 (Nondiscrimination, Harassment, and Retaliation by Officers and Employees) made against the General Manager, General Counsel, General Auditor, Ethics Officer, or a Department Head.

(iii) If any director serving on the EEO-EI Ad Hoc Subcommittee is an involved party to an EEO or ethics 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) or Ethics Officer, as appropriate to the investigation, will select an alternate director to fulfill all EEO-EI Ad Hoc 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. If the Ethics Officer has a conflict of interest in the same matter, the EEO Officer and/or General Counsel will select an alternate director. Directors serving as alternates will not participate in EEO-EI Ad Hoc Subcommittee matters unless or until called to serve.

(iv) The Executive Committee shall select an external law firm to serve as counsel to the EEO-EI Ad Hoc Subcommittee to provide guidance, as needed, on alternative investigation procedures, when either the EEO Officer, Ethics Officer, or General Counsel is an involved party to an EEO or ethics investigation, or has a conflict of interest with any involved party to an EEO or ethics investigation, and for post investigation actions.

(iv) The EEO-EI Ad Hoc Subcommittee shall delegate to the EEO Officer or Ethics Officer, as appropriate to the investigation, the responsibility to designate an external investigator to conduct a fact-finding EEO or ethics investigation pursuant to this section. ALL EEO and ethics investigations will be fair, impartial, timely, and promptly initiated and completed by qualified personnel. Investigative procedures for EEO investigations can be found in *EEO Investigative Procedures for the Board and its Direct Reports* and for ethics investigations can be found at Section 7405 (Investigations of Directors, General Manager, General Counsel, General Auditor, or Ethics Officer). The EEO Officer and Ethics Officer shall refer their respective, substantiated findings of EEO and ethics investigations to the EEO-EI Ad Hoc Subcommittee to determine recommended appropriate action. At its discretion, the EEO-EI Ad Hoc Subcommittee may consult with the EEO Officer, Ethics Officer, and/or General Counsel on appropriate action regarding a director or Department Head.

(v) The EEO-EI Ad Hoc Subcommittee shall report any substantiated finding of an EEO or ethics 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.

(vi) 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 findings of EEO and ethics violations under this subsection shall be referred directly to the EEO-EI Ad Hoc Subcommittee to determine recommended appropriate action for the Board's consideration.

(vii) A deviation of this investigation protocol by the EEO Officer, Ethics Officer or General Counsel may occur, in certain circumstances, with a written justification and approval of the EEO-EI Ad Hoc Subcommittee.

(viii) 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 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 4

FINANCE AND ASSET MANAGEMENT COMMITTEE

§ 2440. Day of Regular Meetings.

The regular meetings of the Finance and Asset Management Committee shall be held on the Monday preceding regular Board meetings or on the Tuesday of 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;
- (z) The purchase, sale, and leasing of land and buildings, including the District's various office and garage space needs;
 - (aa) The incidental use of land in farming operations and otherwise;
 - (bb) The operation and maintenance of buildings;
 - (cc) The development, oversight, and coordination of recreational facilities at Diamond Valley Lake and Lake Skinner;
 - (dd) The use of proceeds from the sale or disposition of surplus property related to Diamond Valley Lake and Lake Skinner for recreational purposes;
 - (ee) Annexations and annexation policies including the requirements, procedures, terms and conditions for annexation.

Article 6

THE LEGISLATION AND COMMUNICATIONS COMMITTEE

§ 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.

Chapter 7

PERIODIC STAFF REPORTS TO BOARD AND COMMITTEES

Article 1

ANNUAL REPORTS

§ 2701. Treasurer's Reports

- (a) The Treasurer shall annually report to the Board on the investment policy of the District.
- (b) The Treasurer shall report to the Finance and Asset Management Committee:
 - (1) All payments after loss of a bond interest coupon made pursuant to Section 5104; and
 - (2) All issuances of duplicate bonds made pursuant to Section 5105.

§ 2703. General Auditor's Report

The General Auditor shall annually report to the Executive Committee a business plan containing the General Auditor's key priorities for the coming year for the Audit Department as required by Sections 2501 and 6451.

Article 2

QUARTERLY REPORTS

§ 2720. General Manager's Quarterly Reports.

The General Manager shall quarterly make the following reports:

- (a) To the Engineering, Operations and Technology Committee: a report on the Capital Investment Plan, including service connections approved by the General Manager pursuant to Sections 4700-4708 with the estimated cost and approximate location of each and the execution of any relocation agreements involving an amount in excess of \$100,000 under authority of Section 8122(c);
- (b) To the Finance and Asset Management Committee: A summary of financial performance including Comparative Statements of Operations and Comparative Balance Sheets and variances thereof from estimates;
- (c) To the Finance and Asset Management Committee:
 - (1) Deeds or grants accepted during the preceding quarter;
 - (2) Easements, or similar rights, granted during the preceding quarter under the authority of Section 8220, and shall also include in such report any relocation or protection agreement made in connection therewith;

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

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

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

(d) To the Legal and Claims Committee, jointly with the General Counsel, the exercise of any power delegated to them by Sections 6431, 6433 and 6434, and, in addition any and all other personnel-related settlements that invoke confidentiality or have any financial impact – including paid and reinstated leave – regardless of settlement type. The reporting on personnel-related settlements should include whether equal employment opportunity issues were implicated, whether the employee is still employed by the District, the existence and type of any financial or confidentiality terms, and whether the District has taken any corrective action in response to the alleged issues.

(e) To the Engineering, Operations and Technology Committee:

(1) The status of all information technology projects throughout the organization.

(2) The employment of any professional and technical consultant, the extension of any professional and technical consulting agreement, on the exercise of authority under Section 8121(c) and 8122(h) and the execution of any contract authorized pursuant to Section 8122(g) during the preceding calendar quarter. The report covering the last calendar quarter of the year may be combined with and included in the annual report. Each such report shall indicate when a consultant is a former employee of the District.

§ 2722. General Auditor's Quarterly Reports.

The General Auditor shall report to the Executive Committee the exercise of any power delegated to the General Auditor by Section 6453.

Article 4

MISCELLANEOUS REPORTS

§ 2750. Escheat to District of Unclaimed Funds.

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

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 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 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 Committee has determined to be necessary.

(c) Not later than its February meeting the Finance and Asset Management Committee shall set a time or times for, and shall thereafter hold, one or more meetings of the Finance and Asset Management 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 committee. The Finance and Asset Management 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 Finance and Asset Management 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 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 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 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 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 Committee all payments made pursuant to this Section 5104.

§ 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 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 Committee of the Board any exercise of authority pursuant to this Chapter.

Division VI

PERSONNEL MATTERS

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 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 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 Finance and Asset Management 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 Finance, Audit, Insurance and Real Property 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 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.

§ 6451. Audit Department Charter.

(a) Mission and Scope of Work - The mission of the Audit Department is to provide independent, professional, objective assurance and consulting services designed to add value and improve Metropolitan's operations. It helps the organization accomplish its objectives by using a proactive, systematic approach to evaluate and improve the effectiveness of risk management, control and governance processes. The scope of work of the Audit Department is to determine whether the organization's network of risk management, internal control and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- (1) Risks are appropriately identified, managed and monitored;
- (2) Significant financial, managerial and operating information is accurate, reliable and timely;
- (3) Employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations;
- (4) Resources are acquired economically, used efficiently, and adequately protected;
- (5) Programs, plans, and objectives are achieved;
- (6) Quality and continuous improvement are fostered in the organization's control process;
- (7) Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately;

Opportunities for improving management internal control, efficiency and the organization's image may be identified during audits. They will be communicated to the appropriate level of management.

(b) Accountability - The General Auditor shall be accountable to the Board of Directors and the Executive Committee to:

- (1) Advise on the adequacy and effectiveness of the organization's processes for controlling its activities and managing its risks;
- (2) Report significant issues related to the processes for controlling the activities of the organization, including potential improvements to those processes, and provide information concerning such issues through to resolution;
- (3) Coordinate with other Metropolitan control and monitoring functions (risk management, legal, finance, ethics, security and environmental);

(c) Professional Standards – The Audit Department shall govern itself by adherence to The Institute of Internal Auditors’ mandatory guidance, including the Definition of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing (Standards)*. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the Audit Department’s performance. These documents constitute the operating procedures for the department and constitute an addendum to the charter.

The Institute of Internal Auditors’ Practice Advisories, Practice Guides, and Position Papers shall also be adhered to as applicable. In addition, Audit Department staff shall adhere to Metropolitan’s policies and procedures, the California Government Code; Government Auditing Standards (GAGAS); and the Audit Department’s Policies and Procedures Manual.

(d) Responsibilities - The Audit Department shall carry out the following responsibilities:

(1) Develop and present a flexible annual audit plan to the Executive Committee for review and approval. This plan should be developed utilizing a risk-based methodology and should include risks or internal control concerns identified by Management or the Board of Directors;

(2) Report periodically to the Executive Committee and Management the status of the current year’s audit plan and the sufficiency of department resources;

(3) Issue an opinion on internal controls over financial reporting on an annual basis;

(4) Submit audit reports to the Executive Committee and Management communicating the auditor’s opinion regarding the internal control structure, identifying significant control issues and providing related recommendations;

(5) Evaluate the adequacy and timeliness of Management’s responses to, and the corrective action taken on, all significant control issues noted in such reports. Conduct follow-up reviews as necessary and periodically report to the Executive Committee the status of Management’s progress;

(6) Ensure the selection, development and supervision of competent and professional audit staff;

(7) Perform a quality assurance program by which the General Auditor evaluates internal auditing activities against professional standards. Obtain external quality assurance review as required by GAGAS and the *Standards*;

(8) Perform consulting services to assist management in meeting its objectives. Examples may include facilitation, process design, training, and advisory services;

(9) Evaluate additions or changes in internal control processes coincident with their development and implementation;

(10) Keep the Executive Committee informed of significant emerging trends and best practices in internal auditing and governance;

(11) Assist in the investigation of significant suspected fraudulent activities within the organization. Assure reporting to the Executive Committee on the results, as appropriate;

(12) Coordinate with external auditors to minimize duplication of effort and to ensure that issues raised, as a result of their review, are appropriately addressed.

(e) Authority - The General Auditor and Audit Department staff members are authorized to:

(1) Have unrestricted access to all functions, records, property, and personnel, subject to the requirements of safekeeping, confidentiality and applicable process;

(2) Have full and free access to the Executive Committee, subject to applicable law,

(3) Allocate resources, set frequencies, and select subject, determine scopes of work, and apply the techniques required to accomplish audit objectives;

(4) Obtain the necessary assistance of personnel in units of the organization where they perform audit, as well as other specialized services from within or outside the organization;

The General Auditor and Audit Department staff members are not authorized to:

- (1) Perform any operational duties for the organization;
- (2) Initiate or approve accounting transactions external to the internal auditing department;
- (3) Direct the activities of any organization employee not employed by the internal auditing department, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

This Charter shall be reviewed at least annually by the Executive Committee and Board of Directors.

§ 6453. Authority to Obtain Professional Services.

The General Auditor is authorized to employ the services of independent auditors or other professional or technical consultants to advise or assist them in performing their assigned duties as may be required or as they deem necessary provided that the amount to be expended in fees, costs, and expenses under any one contract in any one year shall not exceed \$40,000. External auditors, while employed as external auditors for Metropolitan, are prohibited from performing any other consulting work for Metropolitan or performing any work for other clients that conflicts, or may conflict, with their responsibilities as Metropolitan's external auditors. These prohibitions shall be included in Metropolitan's agreements with external auditors. The General Auditor shall inform the Executive Committee whenever they exercise the authority granted under this section and they shall further report quarterly to the Legal and Claims Committee concerning any agreements entered into under this section.

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 Executive 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 Executive Committee Chair.

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

Division VIII

CONTRACTS/DISTRICT PROPERTY

Chapter 1

CONTRACTS

§ 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 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 Committee quarterly on any real property sold pursuant to this Article.