

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

July 6, 1993

To: Board of Directors (Executive Committee--Action)
(Special Committee on Legislation--Action)

From: General Manager

Subject: AB 1542 (Reporting of Gifts and Expense Reimbursements to
Employees of Special Districts)

Report

AB 1542, introduced and recently amended in whole by Assembly Member Umberg (Garden Grove), requires each elected or appointed member of the governing body of a special district, and all "designated employees" of a special district, to report annually any gift valued at \$50 or more, including a general description by business activity of the source of the gift.

This bill also would prohibit board members and such employees from accepting gifts with a total value of \$250 or more in value from a single source in a calendar year (subject to specified exceptions). Finally, the bill would require special districts to disclose reimbursements to all employees of \$100 or more for a meal or any other single expense. This disclosure would be in the form of a report which the special district would publish and make available to the public on an annual basis.

Disclosure of gifts and other income by specified employees presently is governed by Metropolitan's Conflict of Interest and Disclosure of Personal Finances Code (beginning at Admin. Code, §7100). The Conflict of Interest Code was prepared by Metropolitan in accordance with California's Political Reform Act (PRA) and regulations of the Fair Political Practices Commission.

Metropolitan supports disclosure by all "designated employees" (as defined in the PRA and listed in Metropolitan's Conflict of Interest Code) of all gifts and other income in order to prevent any basis for the appearance of a conflict of interest. Metropolitan also supports prohibiting the receipt of gifts above the limit prescribed by this bill, although some additional language is needed to clarify that the exceptions specified, which currently relate only to elected

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state officials, would also apply to Metropolitan's board members and designated employees.

However, AB 1542's additional requirement that special districts compile and publish an annual report of reimbursements to all employees represents considerable added cost to Metropolitan but adds little to the scope of information already available to the public. Metropolitan's expense reimbursement records are already subject to disclosure upon appropriate inquiry made by interested persons under the Public Records Act.

Staff recommends support for AB 1542, but only if Sections 1 and 2 are amended as shown in Attachment A.

Board Committee Assignments

This letter is referred for action to:

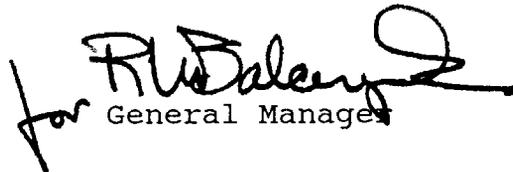
The Executive Committee because of its jurisdiction to study, advise and make recommendations with regard to legislation affecting the District, pursuant to Administrative Code Section 2417, subdivision (a); and

The Special Committee on Legislation because of its jurisdiction to review and make recommendations based upon presentations of the General Manager regarding proposals for state legislation and amendments thereto, pursuant to Administrative Code Section 2581, subdivision (a).

Recommendation

EXECUTIVE COMMITTEE AND SPECIAL COMMITTEE ON LEGISLATION FOR ACTION.

It is recommended that the Board support AB 1542 if it is amended in accordance with Attachment A.


for General Manager

Attachment A

Section 1. Section 87207.3 is added to the Government Code, to read:

87207.3 Each elected or appointed member of the governing body of a special district, and each employee who, under Section 87302, is a designated employee of special district:

(a) Shall, notwithstanding Section 87302, annually report the name and address of each source of any gift aggregating fifty dollars (\$50) or more in value and a general description of the business activity, if any, of that source.

(b) Shall not accept any gift from any single source in any calendar year with a total value of more than two hundred fifty dollars (\$250), except pursuant to for the items specified in subdivision (b) of Section 89504, which shall apply to the same extent as if such member or employee were an elected state officer.

SEC. 2. Section 87207.5 is added to the Government Code, to read:

87207.5 Notwithstanding Sections 87207 and 87207.3, each special district shall annually disclose record and keep on file evidence of any reimbursement made by the district within the immediately preceding fiscal year of at least one hundred dollars (\$100) for any meal or other single expense paid to any designated employee of the district. ~~The disclosure shall be in the form of a report published annually by a date determined by that district and records of such reimbursements shall be made available for public inspection pursuant to the Public Records Act.~~

AMENDED IN SENATE JULY 1, 1993
AMENDED IN ASSEMBLY APRIL 27, 1993
AMENDED IN ASSEMBLY APRIL 13, 1993

CALIFORNIA LEGISLATURE—1993-94 REGULAR SESSION

ASSEMBLY BILL

No. 1542

Introduced by Assembly Member Umberg

March 4, 1993

An act to add ~~Section 53065.5~~ Sections 87207.3 and 87207.5 to the Government Code, relating to ~~special districts~~ the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 1542, as amended, Umberg. Special districts: ~~public officers~~ gifts: disclosure.

Existing provisions of the Political Reform Act of 1974 require specified local government officials, including specified elected state officers, to periodically submit reports concerning sources of income or gifts, as specified. The act also requires designated employees of state and local governmental agencies to file periodic conflict-of-interest statements disclosing reportable sources of income, among other things.

Existing provisions of the act also prohibit elected state officers from accepting gifts from any single source in any calendar year with a total value of more than \$250, except for permissible travel and lodging payments and permissible gifts exchanged between individuals, provided that the gifts are not substantially disproportionate in value.

This bill would require each elected or appointed member of the governing body of a special district, and each designated employee of a special district, notwithstanding a

specified provision of law, to annually report the name and address of each source of any gift aggregating \$50 or more in value and a general description of the business activity, if any, of that source. It would prohibit those persons from accepting any gift from any single source in any calendar year with a total value of more than \$250, except as permitted under existing provisions of law.

Existing law makes a violation of the act subject to administrative, civil, and criminal penalties.

This bill would impose a state-mandated local program by imposing these penalties on persons who violate the provisions of this bill.

This bill would further require each special district, notwithstanding specified provisions, to annually disclose any reimbursement made by the district within the immediately preceding fiscal year of at least \$100 for any meal or other single expense paid to any employee of the district. It would require the disclosure to be in the form of a report published annually by a date determined by that district and to be made available for public inspection.

This bill, by adding to the duties of special districts, would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates which do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that for certain costs no reimbursement is required by this act for a specified reason.

However, this bill would provide that, if the Commission on State Mandates determines that this bill contains other costs mandated by the state, reimbursement for those costs shall be made pursuant to those statutory procedures and, if the statewide cost does not exceed \$1,000,000, shall be made from the State Mandates Claims Fund.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes with a $\frac{2}{3}$ vote of each house and compliance

with specified procedural requirements.

This bill, which would declare that it furthers the purposes of the Political Reform Act of 1974, would therefore require a $\frac{2}{3}$ vote.

Existing law provides that, in general, the provisions of law relating to budgets and other fiscal matters that apply to counties shall also apply to any district whose governing body is the board of supervisors or for which county fiscal officers are ex officio fiscal officers.

This bill would require every independent special district, as defined, to disclose, in an annual report, specified gifts and reimbursements received by district employees, thereby imposing a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates which do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that this bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to those statutory procedures and, if the statewide cost does not exceed \$1,000,000, shall be made from the State Mandates Claims Fund.

Vote: majority $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

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

- 1 SECTION 1. Section 53065.5 is added to the
- 2 SECTION 1. Section 87207.3 is added to the
- 3 Government Code, to read:
- 4 87207.3. Each elected or appointed member of the
- 5 governing body of a special district, and each employee
- 6 who, under Section 87302, is a designated employee of a
- 7 special district:
- 8 (a) Shall, notwithstanding Section 87302, annually
- 9 report the name and address of each source of any gift

1 aggregating fifty dollars (\$50) or more in value and a
2 general description of the business activity, if any, of that
3 source.

4 (b) Shall not accept any gift from any single source in
5 any calendar year with a total value of more than two
6 hundred fifty dollars (\$250), except pursuant to
7 subdivision (b) of Section 89504.

8 SEC. 2. Section 87207.5 is added to the Government
9 Code, to read:

10 87207.5. Notwithstanding Sections 87207 and 87207.3,
11 each special district shall annually disclose any
12 reimbursement made by the district within the
13 immediately preceding fiscal year of at least one hundred
14 dollars (\$100) for any meal or other single expense paid
15 to any employee of the district. The disclosure shall be in
16 the form of a report published annually by a date
17 determined by that district and shall be made available
18 for public inspection.

19 SEC. 3. No reimbursement is required by this act
20 pursuant to Section 6 of Article XIII B of the California
21 Constitution for those costs which may be incurred by a
22 local agency or school district because this act creates a
23 new crime or infraction, changes the definition of a crime
24 or infraction, changes the penalty for a crime or
25 infraction, or eliminates a crime or infraction.

26 However, notwithstanding Section 17610 of the
27 Government Code, if the Commission on State Mandates
28 determines that this act contains other costs mandated by
29 the state, reimbursement to local agencies and school
30 districts for those costs shall be made pursuant to Part 7
31 (commencing with Section 17500) of Division 4 of Title
32 2 of the Government Code. If the statewide cost of the
33 claim for reimbursement does not exceed one million
34 dollars (\$1,000,000), reimbursement shall be made from
35 the State Mandates Claims Fund.

36 Notwithstanding Section 17580 of the Government
37 Code, unless otherwise specified in this act, the provisions
38 of this act shall become operative on the same date that
39 the act takes effect pursuant to the California
40 Constitution.

1 SEC. 4. The Legislature finds and declares that the
2 provisions of this act further the purposes of the Political
3 Reform Act of 1974 within the meaning of subdivision (a)
4 of Section 81012 of the Government Code.

5 Government Code, to read:

6 53065.5. Every independent special district formed
7 pursuant to general law or special act for the local
8 performance of governmental or proprietary functions
9 within limited boundaries shall disclose the following
10 information in a report published annually by a date
11 determined by that district and made available for public
12 inspection:

13 (a) Any gift valued at over fifty dollars (\$50), or gifts
14 totaling two hundred fifty dollars (\$250) or more from a
15 single source, received by any employee of that district
16 within the immediately preceding fiscal year.

17 (b) Any reimbursement paid by the district within the
18 immediately preceding fiscal year of at least one hundred
19 dollars (\$100) for a meal or any other single expense paid
20 to any employee of that district.

21 SEC. 5. Notwithstanding Section 17610 of the
22 Government Code, if the Commission on State Mandates
23 determines that this act contains costs mandated by the
24 state, reimbursement to local agencies and school
25 districts for those costs shall be made pursuant to Part 7
26 (commencing with Section 17500) of Division 4 of Title
27 2 of the Government Code. If the statewide cost of the
28 claim for reimbursement does not exceed one million
29 dollars (\$1,000,000), reimbursement shall be made from
30 the State Mandates Claims Fund. Notwithstanding
31 Section 17580 of the Government Code, unless otherwise
32 specified in this act, the provisions of this act shall become
33 operative on the same date that the act takes effect
34 pursuant to the California Constitution.

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