

- **Board of Directors**
  - Executive Committee**
  - Budget and Finance Committee**
  - Communications and Legislation Committee**
  - Legal and Claims Committee**
  - Subcommittee on Organization and Personnel**
  - Subcommittee on Rules**
  - Special Audit Committee**
  - Special Committee on Ethics**

December 14, 1999 Board Meeting

10-5

**Subject**

Carver Model Policy Statements

**Description**

At its August 1999 meeting, the Board adopted several Carver Model Policy Statements and referred others to the Subcommittee on Rules. At its October 25 meeting, the Subcommittee on Rules recommended that the draft statements be referred to appropriate standing committees for review. Their recommendations will be forwarded to the Executive Committee.

The following are the recommendations of the Subcommittee on Rules as approved by the Executive Committee:

<u>POLICY TITLE</u>	<u>REFERRED TO:</u>
Organizational Expectations	_____
Governing Style	Executive Committee
Board Job Description	Executive Committee
Agenda Planning	Subcommittee on Rules
Chairperson's Role	Executive Committee
Board Members' Code of Conduct	Special Committee on Ethics
Board Committee Principles	Subcommittee on Rules, Executive Committee
Board Committee Structure	Subcommittee on Rules
Cost of Governance	Budget and Finance Committee
Board-General Counsel Relationship	Legal and Claims Committee
Board-Auditor Relationship	Special Audit Committee
Financial Conditions and Activities	Budget and Finance Committee

Additionally, the policies already adopted by the Board are referred to the following committees for further review, implementation and monitoring:

<u>POLICY TITLE</u>	<u>REFERRED TO:</u>
Governance Commitment	Executive Committee
Governance-Management Connection	Executive Committee
Unity of Control	Executive Committee
Accountability of the General Manager	Executive Committee
Evaluating and Monitoring General Manager Performance	Executive Committee
Delegation to the General Manager	Executive Committee
Executive Constraint	Executive Committee
Treatment of Employees	Subcommittee on Organization and Personnel
Treatment of Member Agencies	Executive Committee
Financial Planning and Budgeting	Budget and Finance Committee
Emergency Executive Officers Succession	Executive Committee
Asset Protection	_____
Compensation and Benefits	Subcommittee on Organization and Personnel
Communication and Support to the Board	Communications and Legislation Committee

Each committee is requested to provide a report on the status of its review at the January meeting of the Subcommittee on Rules. A copy of the **policy statements** is attached.

**Policy**

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Not applicable

**Fiscal Impact**

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Not applicable

  
 Chairman of the Board

11/19/99  
 Date

**Attachment 1 Carver Model Policy Statements**  
**Attachment 2 Levels of Authority**

**Draft Carver Model Policy Statements  
(Revised 11/5/99)  
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<b>POLICY OF THE BOARD</b>	
Metropolitan Water District of Southern California	
<b>TITLE: ORGANIZATIONAL EXPECTATIONS (Temporary "Plug")</b>	
<b>CATEGORY: ENDS</b>	
Policy No. E-1	Date of Adoption:
Board Officer's affirmation of official Board action adopting this policy.	
_____ Officer	

Pending further Board determinations, **Organizational Expectations** will remain as previously stated explicitly by the Board or as found implicitly in previously adopted Board documents.

[THIS POLICY IS INTENDED ONLY TO HOLD THE BOARD'S PREVIOUS MISSION-RELATED INTENTIONS IN PLACE WHILE IT SETS OUT ON THE LONG, NEVER-ENDING TASK OF EXPLORING, DEBATING AND ADOPTING ACTUAL *ENDS* POLICIES. SINCE YOUR CHIEF EXECUTIVE HAS BEEN GIVEN THE AUTHORITY TO MAKE *ENDS* DECISIONS AS LONG AS THEY ARE CONSISTENT WITH THE BOARD'S *ENDS* POLICIES (SEE "DELEGATION TO THE CHIEF EXECUTIVE" POLICY), IT WOULD BE AN OVERSIGHT--A "HOLE IN THE SYSTEM"--FOR THE BOARD TO HAVE NO BROAD *ENDS* POLICY IN PLACE. **IT IS VERY IMPORTANT, HOWEVER, FOR THE BOARD TO COMMIT ITSELF TO BEGIN IMMEDIATELY ON THE *ENDS* JOURNEY. THAT WILL NOT BE QUICKLY DONE AS IN THIS BLITZ PROCESS, BUT WILL TAKE MONTHS TO HAVE A USEFUL PRODUCT AND IN A LARGER SENSE WILL GO ON IN PERPETUITY. ONCE OPERATING ON THE SYSTEM, AS YOU ARE NOW IN A POSITION TO DO, LINKING WITH THE "OWNERSHIP" AND *ENDS* DEVELOPMENT ARE VIRTUALLY THE ONLY TIME-CONSUMING WORK OF THE BOARD.]**

*You are now engaged in Policy Governance, a powerful tool to express Board leadership while valuing staff leadership as well. The hard part is just beginning. But it is also the most rewarding, the most far-reaching and the fullest expression of your trusteeship. Adopt whatever mechanisms of discipline are required to keep you on course, including evaluation of your process every Board meeting. Like any improvement effort, this one will not sustain itself. Your commitment and discipline are necessary to make it work. Almost every rule, principle or concept needed to make the process successful is included in the policy language you have just worked out. When in doubt, do not overlook the simple expedient of simply going to your policies to see what you have already said. Link with other Boards that are working in this way to exchange ideas and support and even gimmicks that help.*

We will not work on ENDS in this policy development session. These all-important policies require long study, data gathering, owner input, expert comment (including your staff's) and time for Board consideration and debate. Further, inasmuch as these policies are far more unique to each organization than are policies in the other categories, it is harder to provide "blitz" examples. THE FOLLOWING SAMPLES ILLUSTRATE ENDS POLICIES FROM VARIOUS SETTINGS.

**The mission of Excel Hospital is *high quality, efficient remediation of disease and trauma conditions.***

Major focus is on the relief of acute conditions; all general medical-surgical conditions, including emergency; rehabilitation and geriatrics 1996; psychiatry, 1998.

Service capability shall be enough for 80% of service needs in metro area; The 20% of needs which do not have to be met includes burn and neonatal. For any health care not delivered, the product will be appropriate linkage with another provider whose quality of service is at least equal to Excel's.

Diagnostic knowledge (as a product) will be comprehensive, technologically advanced and accessible. Diagnostic information available from cardiac testing and oncology will be recognized as the best available in the tristate area by no later than 1990. Diagnostic information available from imaging will be recognized as the best available in the tristate area by no later than 1991.

Geographical concentration will be on the Metropolis metropolitan area.

Subsidy for services rendered shall be no greater than 55 of gross revenues. First priority for subsidy will be given to life threatening, emergency conditions. Other subsidy may be extended to Medicare-Medicaid patients

**The mission of the District of Jefferson is *a community of extraordinary health, safety and welfare, in further definition of this mission, the District will achieve the following.***

- A. People can move in, out and within Jefferson quickly and efficiently.
- B. Citizens have sufficiently organized and accessible recreational opportunities and parks.
- C. Residents enjoy a reasonably safe and secure environment.
  1. Low loss of property, peace of mind and personal welfare dues to crime.
  2. Low loss due to fire.
  3. Readiness for emergencies and natural disasters.
  4. Safe environment.
  5. Quick relief from emergency medical events
  6. Adequate drainage.
- D. Accessible broad-based (repository of) information and knowledge.
- E. Economic life of the community is stable and moderately growing.
  1. An adequate employment base.
  2. Diverse, recession-proof economy.
  3. Dynamic, positive business climate

The mission of this organization shall be *expanded role and enhanced status of women*.

1. Women will seek and achieve public office in numbers at least as great as men by 1997.
2. The economic status of women is at least 70% of that of men by 199x and 90% by 200x.
3. Top management positions will be filled by women in no less than 15% of cases by 199x, no less than 30% by 199y, no less than 45% by 199z.
4. Women control their own life choices.
5. Women achieve equal status under the law.

**The mission of the Centerville Board of Realtors is enhanced demand for REALTOR services. In pursuit of this mission, MBOR will bring about results in four areas:**

- A. Accurate and timely information and business tools for the conduct of a Service and legal form for listing and selling real estate.
- B. A highly skilled REALTOR membership.
- C. A favorable environment for REALTORS' commerce in real estate.
  1. Accommodates and promotes the growth of our metropolitan area.
  2. Encourages business expansion, new business.
  3. Facilitates and creates freedom of choice in housing and
  4. Minimizes the constraints and costs associated with the
  5. Strengthens central area's position and image as an
  6. A positive public image of REALTORS, wherein REALTORS are perceived as necessary to every real estate transaction.

**The purpose of the Cycling Club is a dynamic and pervasive culture of cycling in the state. This purpose includes, in order of priority:**

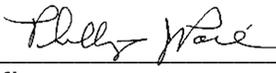
- A. Widespread participation in fair and safe cycling activities for all ages.
  1. A broad range of types of cycling.
    - a. Competition cycling with emphasis on Track
    - b. Recreational cycling
  2. A broad range of participants
    - a. Equal opportunities for both genders
    - b. all ages, but emphasis on youth and masters
    - c. A full spectrum of skill levels.
    - d. Minorities.
- B. Excellence in cycling competition, especially in elite juniors and
- C. Widespread good public image of cycling.
- D. Wide understanding of cycling information.
- E. New knowledge of cycling science and sports medicine.
- F. International and national decisions that benefit cycling.

**The DDMH Center exists to bring about higher functioning in persons or families whose functioning is impaired by developmental or mental/emotional disabilities.**

The numbers of persons or families impaired by developmental disabilities in relation to the numbers of persons or families impaired by mental/emotional problems shall approximate the proportion of these disorders in the community.

1. **Developmental Disabilities:** Approximately equal emphasis shall be placed on the relief of (a) deficits in early infant stimulation, (b) deficits in independent living skills, (c) deficits in work skills and (d) family stress due to the care of developmentally disabled persons. Expenditures for these needs shall be no less than 80 percent of developmental disabilities funds.
2. **Mental Health:** Areas of (a) substantial emphasis and (b) moderate emphasis shall be:
  - A. Substantial emphasis (no less than 45% of all mental and drug abuse; family disorder due to presence or care of disturbed disturbance of whatever source.
  - B. Moderate emphasis (no less than 30% of mental health expenditures) shall be for the relief of: living problems of the serious, chronically emotionally impaired; acute reactions to life crises; emotional dysfunction associated with criminality; and lack of public information about available services

*These samples of ENDS policies are not intended to be recommendations. they are presented only to give some idea of how ENDS policies might appear. A Board committed to Policy Governance should be able within a few years to create far more thoughtful, sophisticated policies than these. For the most part, these policies do not make relative priorities or costs (of expected results) explicit. If cost or relative priorities are left unstated, the General Manager has the authority to use--as always-- "any reasonable interpretation" in deciding what those shall be*

<b>POLICY OF THE BOARD</b> Metropolitan Water District of Southern California	
<b>TITLE: GOVERNANCE COMMITMENT</b>	
<b>CATEGORY: GOVERNANCE PROCESS</b>	
Policy No. GP-1	Date of Adoption: August 17, 1999
Board Officer's affirmation of official Board action adopting this policy.	
	 _____ Officer

The purpose of the Board, on behalf of Member Agencies, is to see to it that Metropolitan Water District of Southern California (a) achieves appropriate results for water users within the Metropolitan service area at an appropriate cost, and (b) avoids unacceptable actions and situations.

<b>POLICY OF THE BOARD</b>	
Metropolitan Water District of Southern California	
<b>TITLE: GOVERNING STYLE</b>	
<b>CATEGORY: GOVERNANCE PROCESS</b>	
Policy No. GP-1.1	Date of Adoption:
Board Officer's affirmation of official Board action adopting this policy.	
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The Board will govern with an emphasis on (a) outward vision rather than an internal preoccupation, (b) encouragement of diversity in viewpoints, (c) strategic leadership more than administrative detail, (d) clear distinction of Board and chief executive roles, (e) collective rather than individual decisions, (f) future rather than past or present, and (g) proactivity rather than reactivity.

Accordingly:

1. The Board will cultivate a sense of group responsibility. The Board, not the staff, will be responsible for excellence in governing. The Board will be the initiator of policy, not merely a reactor to staff initiatives. The Board may use the expertise of individual members to enhance the ability of the Board as a body, rather than to substitute the individual judgments for the Board's values.
2. The Board will direct, control and inspire the organization through the careful establishment of broad written policies reflecting the Board's values and perspectives. The Board's major policy focus will be on the intended long term impacts outside the organization, not on the administrative or programmatic means of attaining those effects.
3. The Board will enforce upon itself whatever discipline is needed to govern with excellence and to follow its Code of Conduct. Discipline will apply to matters such as attendance, preparation for meetings, policy making principles, respects of roles, and ensuring the continuance of governance capability.
4. Continual Board development will include orientation of new Board members in the Board's policy and governance process and periodic discussion of process improvement.
5. The Board will allow no officer, individual or committee of the Board to hinder or be an excuse for not fulfilling its commitments.
6. The Board will monitor and discuss the Board's process and performance at each meeting. Self-monitoring will include comparison of Board activity and discipline to policies in the Governance Process and Board-Appointed Officer's Linkage categories.
7. The Board will further inform itself, individually and collectively, through extensive outreach to determine community wishes and through continuing education on issues relevant to the District.

<b>POLICY OF THE BOARD</b> Metropolitan Water District of Southern California	
<b>TITLE: BOARD JOB DESCRIPTION</b>	
<b>CATEGORY: GOVERNANCE PROCESS</b>	
Policy No. GP-1.2	Date of Adoption:
Board Officer's affirmation of official Board action adopting this policy.	
_____ Officer	

Specific job outputs of the Board, as an informed agent of the Member Agencies, are those that ensure appropriate organizational performance in serving the public need.

Accordingly:

1. The Board will produce the links between the organization, the public within the Metropolitan service area and the Member Agencies in their ownership roles.
2. The Board will produce written governing policies which, at the broadest levels, address each category of organizational decision.
  - A. **Organizational Expectations:** Organizational products, impacts, benefits, outcomes, recipients, and their relative worth (what good for which recipients at what cost).
  - B. **Executive Limitations:** Constraints on executive authority which establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
  - C. **Governance Process:** Specification of how the Board conceives, carries out and monitors its own task.
  - D. **Board-Appointed Officer's Linkage:** How power is delegated and its proper use monitored; the Appointed Officer's role, authority and accountability.
3. The Board will produce assurance of General Manager performance (against policies in 2a and 2b).

OTHER JOB "PRODUCTS" OF THE BOARD WHICH MAY BE APPROPRIATE FOR SOME ORGANIZATIONS MAY INCLUDE, E.G., "LEGISLATIVE CHANGE, ACQUISITION OF WATER RIGHTS", OR OTHER OUTPUTS FOR WHICH THE BOARD CHOOSES TO HOLD ITSELF DIRECTLY RESPONSIBLE.

[A BOARD CAN SET ANNUAL TARGETS ABOUT INTEGRITY OR COMPLETENESS IN THESE AREAS].

<b>POLICY OF THE BOARD</b>	
Metropolitan Water District of Southern California	
<b>TITLE: AGENDA PLANNING</b>	
<b>CATEGORY: GOVERNANCE PROCESS</b>	
Policy No. GP-1.3	Date of Adoption:
Board Officer's affirmation of official Board action adopting this policy.	
_____ Officer	

To accomplish its job products with a governance style consistent with Board policies, the Board will follow an annual agenda which (a) completes a re-exploration of **Organizational Expectations** policies annually and (b) continually improves Board performance through Board education and enriched input and deliberation.

1. The cycle will conclude each year on the last day of September so that administrative planning and budgeting can be based on accomplishing a one year segment of the Board's most recent statement of long term **Organizational Expectations**.
2. The cycle will start with the Board's development of its agenda for the next year.
  - A. Consultations with selected groups in the ownership, or other methods of gaining ownership input will be determined and arranged in the first quarter, to be held during the balance of the year.
  - B. Governance education, and education related to **Organizational Expectations** determination, (e.g. presentations by futurists, demographers, advocacy groups, staff, etc.) will be arranged in the first quarter, to be held during the balance of the year.
3. Throughout the year, the Board will attend to consent agenda items as expeditiously as possible.
4. General Manager monitoring will be included on the agenda if monitoring reports show policy violations, or if policy criteria are to be debated.
5. General Manager remuneration will be decided after a review of monitoring reports received in the last year during the month of February.

<b>POLICY OF THE BOARD</b>	
Metropolitan Water District of Southern California	
<b>TITLE: CHAIRPERSON'S ROLE</b>	
<b>CATEGORY: GOVERNANCE PROCESS</b>	
Policy No. GP-1.4	Date of Adoption:
Board Officer's affirmation of official Board action adopting this policy.	
<hr style="width: 50%; margin: auto;"/> Officer	

The Chairperson assures the integrity of the Board's process and represents the Board to outside parties.

Accordingly:

1. The job result of the chairperson is that the Board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.
  - A. Meeting discussion content will be only those issues which, according to Board policy, clearly belong to the Board to decide, not the General Manager.
  - B. Deliberation will be fair, open, and thorough, but also timely, orderly, and kept to the point.
2. The authority of the chairperson consists in making decisions that fall within topics covered by Board policies on Governance Process and Board-Appointed Officer Linkage, except where the Board specifically delegates portions of this authority to others. The chairperson is authorized to use any reasonable interpretation of the provisions in these policies.
  - A. The chairperson is empowered to chair Board meetings with all the commonly accepted power of that position (e.g. ruling, recognizing).
  - B. The chairperson has no authority to make decision about policies created by the Board within Organizational Expectations and Executive Limitation policy areas. Therefore, the chairperson has no authority to supervise or direct the General Manager.
  - C. The chairperson may represent the Board to outside parties in announcing Board-stated positions and in stating chair decisions and interpretations within the area delegated to her or him.
  - D. The chairperson may delegate this authority, but remains accountable for its use.

<b>POLICY OF THE BOARD</b>	
Metropolitan Water District of Southern California	
<b>TITLE: BOARD MEMBERS' CODE OF CONDUCT</b>	
<b>CATEGORY: GOVERNANCE PROCESS</b> <i>(NOTE: Need to consider Administrative Code 7300)</i>	
Policy No. GP-1.5	Date of Adoption:
Board Officer's affirmation of official Board action adopting this policy.	
_____ Officer	

The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

Accordingly:

1. Members must represent unconflicted loyalty to the interests of the ownership. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other Boards or staffs. It also supersedes the personal interest of any Board member acting as a consumer of the organization's services.
2. Members must avoid conflict of interest with respect to their fiduciary responsibility.
  - A. There must be no self-dealing or any conduct of private business or personal services between any Board member and the organization except as procedurally controlled to assure openness, competitive opportunity and equal access to "inside" information.
  - B. When the Board is to decide upon an issue, about which a member has an unavoidable conflict of interest, that member shall absent herself or himself without comment from not only the vote, but also from the deliberation
  - C. Board members must not use their positions to obtain employment for themselves, family members or close associates. Should a member desire employment, he or she must first resign.
  - D. Members will annually disclose their involvement with other organizations, with vendors, or any other associations which might produce a conflict.
3. Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in Board policies.

*(Note: Provisions A & B) not included in typical Codes of Conduct)*

- A. Members' interaction with the General Manager or with staff must recognize the lack of authority vested in individuals except when explicitly Board authorized.
  - B. Members' interaction with public, news media or other entities must recognize the same limitation and the inability of any Board member to speak for the Board except to repeat explicitly stated Board decisions.
4. Members will respect the confidentiality appropriate to issues of a sensitive nature.
  5. Members will be properly prepared for Board deliberation.

<b>POLICY OF THE BOARD</b>	
Metropolitan Water District of Southern California	
<b>TITLE: BOARD COMMITTEE PRINCIPLES</b>	
<b>CATEGORY: GOVERNANCE PROCESS</b>	
Policy No. GP-1.7	Date of Adoption:
Board Officer's affirmation of official Board action adopting this policy.	
_____ Officer	

Board committees, when used, will be assigned so as to reinforce the wholeness of the Board's job and so as never to interfere with delegation from Board to General Manager.

Accordingly:

1. Board committees are to help the Board do its job, not to help or advise the staff. Committees ordinarily will assist the Board by preparing policy alternatives and implications for Board deliberation.
2. Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the General Manager.
3. Board committees cannot exercise authority over staff. Because the General Manager works for the full Board, he or she will not be required to obtain approval of a Board committee before an executive action.
4. Committees will be used sparingly and ordinarily in an ad hoc capacity.
5. This policy applies to any group which is formed by Board actions, whether or not it is called a committee and regardless whether the group includes Board members. It does not apply to committees formed under the authority of the General Manager.

<b>POLICY OF THE BOARD</b>	
Metropolitan Water District of Southern California	
<b>TITLE: BOARD COMMITTEE STRUCTURE</b>	
<b>CATEGORY: GOVERNANCE PROCESS</b>	
Policy No. GP-1.8	Date of Adoption:
Board Officer's affirmation of official Board action adopting this policy.	
_____ Officer	

A committee is a Board committee only if its existence and charge come from the Board, regardless whether Board members sit on the committee. The only Board committees are those which are set forth in this policy. Unless otherwise stated, a committee ceases to exist as soon as its task is complete.

**[THIS IS *NOT* A LIST OF SUGGESTED COMMITTEES, BUT SIMPLY AN ILLUSTRATION OF HOW LEGITIMATE BOARD COMMITTEES SHOULD BE DESCRIBED]**

1. Public Positions Advisory Committee
  - A. Product: Options and implications for Board consideration with respect to any forthcoming Board decisions regarding public positions—by no later than August 15, 1999.
  - B. Authority: To incur costs of no more than \$1,000 direct charges and no more than 50 hours of staff time.
  
2. Legislative Change Advisory Committee
  - A. Product: Options and implications for Board consideration regarding long term legislative or regulatory effects to be achieved by the Board—by no later than September 30, 1999.
  - B. Authority: To incur costs of no more than \$3,000 direct charges and no more than 70 hours of staff time.

3. Nominating Committee

- A. Product: Properly screened potential Board members—by no later than May 20 each year.
- B. Authority: To incur costs of no more than \$1,000 direct charges and no more than 20 hours of staff time per annum.

4. Audit Committee

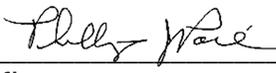
- A. Product: Specification of scope of audit prior to outside audit—by no later than January 10 each year.
- B. Authority: To incur no more than \$30,000 direct charges and use of no more than 50 person-hours staff time per annum.

<b>POLICY OF THE BOARD</b>	
Metropolitan Water District of Southern California	
<b>TITLE: COST OF GOVERNANCE</b>	
<b>CATEGORY: GOVERNANCE PROCESS</b>	
Policy No. GP-1.9	Date of Adoption:
Board Officer's affirmation of official Board action adopting this policy.	
_____	
Officer	

Because poor governance costs more than learning to govern well, the Board will invest in its governance capacity.

Accordingly:

1. Board skills, methods, and supports will be sufficient to assure governing with excellence.
  - A. Training and retraining will be used liberally to orient new members and candidates for membership, as well as to maintain and increase existing member skills and understandings.
  - B. Outside monitoring assistance will be arranged so that the Board can exercise confident control over organizational performance. This includes, but is not limited to, fiscal audit.
  - C. Outreach mechanisms will be used as needed to ensure the Board's ability to listen to owner viewpoints and values.
  
2. Costs will be prudently incurred, though not at the expense of endangering the development and maintenance of superior capability.
  - A. Up to \$ \_\_\_\_\_ in fiscal year \_\_\_\_\_ for training, including attendance at conferences and workshops.
  - B. Up to \$ \_\_\_\_\_ in fiscal year \_\_\_\_\_ for audit and other third-party monitoring of organizational performance.
  - C. Up to \$ \_\_\_\_\_ in fiscal year \_\_\_\_\_ for surveys, focus groups, opinion analyses, and meeting costs.

<b>POLICY OF THE BOARD</b> Metropolitan Water District of Southern California	
<b>TITLE: GOVERNANCE--MANAGEMENT CONNECTION</b>	
<b>CATEGORY: BOARD-APPOINTED OFFICERS' LINKAGE</b>	
Policy No. BL-1	Date of Adoption: August 17, 1999
Board Officer's affirmation of official Board action adopting this policy.	
 _____ Officer	

The Board's sole official connection to the operational organization, its achievements and conduct will be through an appointed Chief Executive Officer, titled General Manager. Legal and Auditing matters are the responsibility of the Board-appointed General Counsel and Auditor, respectively.

**POLICY OF THE BOARD**

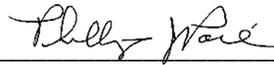
Metropolitan Water District of Southern California

**TITLE: UNITY OF CONTROL****CATEGORY: BOARD-APPOINTED OFFICERS' LINKAGE**

Policy No. BL-1.1

Date of Adoption: August 17, 1999

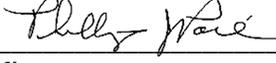
Board Officer's affirmation of official Board action adopting this policy.

\_\_\_\_\_  
Officer

Only officially passed motions of the Board are binding on the General Manager, General Counsel and Auditor.

Accordingly:

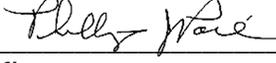
1. Decisions or instructions of individual Board members, officers or committees are not binding on the General Manager, General Counsel and Auditor except in rare instances when the Board has specifically authorized such exercise of authority.
2. In seeking clarification on informational items, Directors may directly approach professional staff members to obtain information needed to supplement, upgrade, or enhance their knowledge to improve legislative decision-making. Any Board member requests that require substantive work should come to the Board for direction.

<b>POLICY OF THE BOARD</b> Metropolitan Water District of Southern California	
<b>TITLE: ACCOUNTABILITY OF THE GENERAL MANAGER</b>	
<b>CATEGORY: BOARD-APPOINTED OFFICERS' LINKAGE</b>	
Policy No. BL-1.2	Date of Adoption: August 17, 1999
Board Officer's affirmation of official Board action adopting this policy.	
 _____ Officer	

The General Manager is the Board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the Board is concerned, is considered the authority and accountability of the General Manager.

Accordingly:

1. The Board will never give instructions to persons who report directly or indirectly to the General Manager.
2. The Board will refrain from evaluating, either formally or informally, any staff other than the General Manager and the other two Executive Officers.
3. The Board will view General Manager performance as identical to organizational performance, so that the accomplishment of **Organizational Expectations** and the avoidance of violations of **Executive Limitations** will be viewed as successful General Manager performance.

<b>POLICY OF THE BOARD</b>	
Metropolitan Water District of Southern California	
<b>TITLE: EVALUATING AND MONITORING GENERAL MANAGER PERFORMANCE</b>	
<b>CATEGORY: BOARD-APPOINTED OFFICERS' LINKAGE</b>	
Policy No. BL-1.2a	Date of Adoption: August 17, 1999
Board Officer's affirmation of official Board action adopting this policy.	
 _____ Officer	

The Board is responsible for evaluating the performance of the General Manager and the activities under his authority at least annually.

The General Manager's performance evaluation shall, among other things, consider:

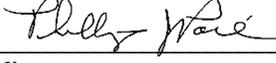
1. The General Manager's conformance with Board policies and achievement of expectations as determined through periodic monitoring procedures.
2. The accomplishments of the General Manager's organization in relation to the General Manager's Annual ~~Work~~ Business Plan.
3. The accomplishments of the General Manager's organization in serving the public need.

Systematic and rigorous monitoring of the General Manager's job performance will be measured solely against the expected General Manager's job outputs: accomplishment of Board policies on **Organizational Expectations** and operations within the boundaries established in **Executive Limitations** policies.

Accordingly:

1. Monitoring is intended to determine the degree to which Board policies are being followed and expectations are being achieved. In every case, the standard for compliance shall be any reasonable General Manager interpretation of the Board policy being monitored.
2. The Board will acquire monitoring data by one or more of three methods: (a) by internal reports, in which the General Manager discloses compliance information to the Board, (b) by external report, in which an independent third party selected by the Board assesses compliance with Board policies, and (c) by direct Board inspection, in which designated members or committee(s) of the Board assess compliance with the appropriate policy criteria.
3. Compliance with **Executive Limitations** will be monitored at a frequency and by a method chosen by the Board. The Board can monitor any policy at any time by any method, but will ordinarily depend on a routine schedule as shown below:

<i>Policy</i>	<i>Method</i>	<i>Frequency</i>
<i>Treatment of Member Agencies</i>	<i>Internal/External</i>	<i>Annually</i>
<i>Treatment of Employees</i>	<i>Internal</i>	<i>Annually</i>
<i>Financial Planning and Budgeting</i>	<i>Internal</i>	<i>Quarterly</i>
<i>Financial Conditions and Activities</i>	<i>Internal</i>	<i>Quarterly</i>
	<i>External</i>	<i>Annually</i>
<i>Emergency General Manager Succession</i>	<i>Internal</i>	<i>Annually</i>
<i>Asset Protection</i>	<i>Internal</i>	<i>Quarterly</i>
	<i>External</i>	<i>Annually</i>
<i>Compensation and Benefits</i>	<i>Internal</i>	<i>Annually</i>
	<i>External</i>	<i>Bi-annually</i>
<i>Communication and Support to the Board</i>	<i>Direct Inspection</i>	<i>Annually</i>

<b>POLICY OF THE BOARD</b>	
Metropolitan Water District of Southern California	
<b>TITLE: DELEGATION TO THE GENERAL MANAGER</b>	
<b>CATEGORY: BOARD-APPOINTED OFFICERS' LINKAGE</b>	
Policy No. BL-1.3	Date of Adoption: August 17, 1999
Board Officer's affirmation of official Board action adopting this policy.	
 <hr/> Officer	

Except for those responsibilities and expectations specifically delegated to the General Counsel and Auditor, and subject to those limitations or restrictions set forth by the Board, the Board hereby delegates to the General Manager the responsibility for the management of the organization and for carrying out the Board's policies and directives in the most efficient and cost-effective manner possible.

The Board will instruct the General Manager through written policies which prescribe the Board's expectations to be achieved, and describe organizational situations and actions to be avoided. The General Manager will be permitted to use any reasonable interpretation of these policies to achieve these stated expectations.

Accordingly:

1. The Board will develop statements instructing the General Manager to achieve certain results, at a specified cost. These statements will be developed systematically from the broadest, most general level to more defined levels, and will be called **Organizational Expectations**.
2. The Board will develop policies which limit the latitude the General Manager may exercise in choosing the organizational means to achieve the **Organizational Expectations**. These policies will be developed systematically from the broadest, most general level to more defined levels, and they will be called **Executive Limitations**.
3. As long as the General Manager uses any reasonable interpretation of the Board's **Organizational Expectations** and **Executive Limitations**, the General Manager is authorized to establish all further administrative policies, make all decisions, take all actions, establish all practices and develop all activities.
4. The Board may change its **Organizational Expectations** and **Executive Limitations**, thereby shifting the boundary between Board and General Manager domains. By doing so, the Board changes the latitude of choice given the General Manager. But as long as any particular delegation is in place, the Board will respect and support the General Manager's choices.

**POLICY OF THE BOARD**

Metropolitan Water District of Southern California

**TITLE: BOARD-GENERAL COUNSEL RELATIONSHIP**

**CATEGORY: BOARD-APPOINTED OFFICERS' LINKAGE**

Policy No. BL-1.5                      Date of Adoption:

Board Officer's affirmation of official Board action adopting this policy.

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Officer

**A. General Counsel's Authority**

The General Counsel is the Board-appointed Executive Officer responsible for the management of the organization's Legal Department. The scope of the General Counsel's activities is subject to Board review and approval, but shall not be otherwise restricted. Subject to the Limitations listed below, the General Counsel is empowered to perform those activities as he deems necessary to meet the responsibilities established by the Board for the position of General Counsel.

**B. Limitations on the General Counsel's Authority**

1. The General Counsel shall have no authority over the General Manager or Auditor.
2. The General Counsel shall not violate laws, regulations, or organizational policies.
3. The General Counsel shall not violate applicable codes of professional ethics or conduct.
4. The General Counsel shall not adopt administrative Policies and Procedures, personnel policies, compensation plans, or other business practices for the Legal Department which are in conflict with those developed for the organization by the General Manager or Board.
5. The General Counsel shall not contract for any outside professional services which are not justified by workload requirements, a need for expertise, or urgency circumstances, and any Legal Department contract exceeding \$100,000 per agreement per year shall require Board approval.
6. The General Counsel shall not authorize expenditures or incur encumbrances beyond the level of budgetary control and contracting authority specifically established for the Legal Department or General Counsel, respectively, through the organization's budget process or by the Board.

**C. Accountability of the General Counsel**

1. The General Counsel is ultimately accountable for the efficient and effective use and protection of all resources, including personnel assigned to the Legal Department. Accomplishments or violations due to the actions of a subordinate member of the Legal Department will be considered to be accomplishments or violations by the General Counsel.

2. The General Counsel is expected to accomplish the activities of the Legal Department in a prudent manner which is consistent with sound business and ethical practices and in not in violation of the established Limitations on the General Counsel's authority.

#### D. General Counsel's Work Products

1. The General Counsel's work products shall be complete, accurate, and timely.
2. The General Counsel shall produce work products which are consistent with the requirements of the legal profession concerning advice, consultation, initiation or defense of litigation or administrative proceedings and parliamentary advice to the Board.
3. The General Counsel shall annually prepare a Legal Department ~~Work~~ Business Plan in conjunction with those of the other District Departments. This ~~Work~~ Business Plan shall be reviewed and approved by the Board at the start of each fiscal year.

#### E. Evaluation of General Counsel's Performance

1. The Board will evaluate the performance of the General Counsel and Legal Department at least annually.
2. The General Counsel's performance evaluation shall, among other things, consider:
  - a) The General Counsel's conformance to Limitations on the General Counsel's Authority, and the assistance provided by the General Counsel and Legal Department in accomplishing the Board's **Organizational Expectations** and assisting management in adherence to **Executive Limitations**.
  - b) The accomplishments of the Legal Department in relation to the Department's Annual ~~Work~~ Business Plan.

**POLICY OF THE BOARD**

Metropolitan Water District of Southern California

**TITLE: BOARD-AUDITOR RELATIONSHIP**

**CATEGORY: BOARD-APPOINTED OFFICERS' LINKAGE**

Policy No. BL-1.6      Date of Adoption:

Board Officer's affirmation of official Board action adopting this policy.

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Officer

**A. Auditor's Authority**

The Auditor is the Board-appointed Executive Officer responsible for the management of the organization's Audit Department. The scope of the Auditor's activities is subject to Board review and approval, but shall not be otherwise restricted. Subject to the Limitations listed below, the Auditor is empowered to perform those activities as he deems necessary to meet the responsibilities established by the Board for the position of Auditor.

**B. Limitations on the Auditor's Authority**

1. The Auditor shall have no authority over the General Manager or General Counsel.
2. The Auditor shall not violate laws, regulations, or organizational policies.
3. The Auditor shall not violate applicable codes of professional ethics or conduct.
4. The Auditor shall not adopt administrative Policies and Procedures, personnel policies, compensation plans, or other business practices for the Audit Department which are in conflict with those developed for the organization by the General Manager or Board.
5. The Auditor shall not contract for any outside professional services which are not justified by workload requirements, a need for expertise, or urgency circumstances, and any Audit Department contract exceeding \$25,000 per agreement per year shall require Board approval.
6. The Auditor shall not authorize expenditures or incur encumbrances beyond the level of budgetary control and contracting authority specifically established for the Audit Department or Auditor, respectively, through the organization's budget process or by the Board.

### C. Accountability of the Auditor

1. The Auditor is ultimately accountable for the efficient and effective use and protection of all resources, including personnel assigned to the Audit Department. Accomplishments or violations due to the actions of a subordinate member of the Audit Department will be considered to be accomplishments or violations by the Auditor.
2. The Auditor is expected to accomplish the activities of the Audit Department in a prudent manner which is consistent with sound business and ethical practices and is not in violation of the established Limitations on the Auditor's Authority.
3. The Board will never give instructions to persons who report directly or indirectly to the Auditor.

### D. Auditor's Work Products

1. The Auditor's work products shall be complete, accurate, and timely.
2. The Auditor shall produce work products which are consistent with the requirements of professional auditing standards.
3. The Auditor shall annually prepare a detailed Audit Work Plan in conjunction with management, as well as annual Work Objectives for the Auditor and Audit Department. These documents shall be reviewed and approved by the Special Audit Committee at the start of each fiscal year.
4. The Auditor shall issue summary and detailed reports pursuant to the instructions of the Special Audit Committee.

### E. Evaluation of Auditor's Performance

1. The Board's Special Audit Committee is responsible for the oversight of the Auditor's activities and those of the Audit Department.
2. The Board will evaluate the performance of the Auditor and the Audit Department at least annually.
3. The Auditor's performance evaluation shall, among other things, consider:
  - a) The Auditor's conformance to the Board's Audit Goal and the Board-approved Internal Audit Charter and Limitations on the Auditor's Authority.
  - b) The accomplishments of the Audit Department in relation to the department's annual Audit Work Plans and Auditor's Work Objectives.
  - c) The level of assistance provided by the Auditor and Audit Department to the Board in monitoring and measuring management's adherence to the Board's **Executive Limitations** and in accomplishing the **Organizational Expectations**.

**POLICY OF THE BOARD**

Metropolitan Water District of Southern California

**TITLE: EXECUTIVE CONSTRAINT**

**CATEGORY: EXECUTIVE LIMITATIONS**

Policy No. EL-1

Date of Adoption: August 17, 1999

Board Officer's affirmation of official Board action adopting this policy.

  
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 Officer

The General Manager, General Counsel and Auditor, as the Board-appointed Officers of the organization, shall not cause or allow any practice, activity, decision, or organizational circumstance which is either unlawful, imprudent or in violation of commonly accepted business and professional ethics. The authority of the General Manager, General Counsel and the Auditor to ensure compliance with this constraint extends to all employees.

The General Manager, General Counsel and Auditor, as the organization's Board-appointed Executive Officers, shall endeavor to assist each other in fully complying with this global executive constraint at all times, while also aiding the Board in monitoring organizational practices, activities, decisions, and other circumstances to ensure such compliance is continually achieved.

In addition to this global executive constraint, the Board has also established various other **Executive Limitations** to the General Manager's authority, as well as limitations to the respective authorities of the General Counsel and Auditor. Only the Board is empowered to modify the authorities delegated to the General Manager, General Counsel, and Auditor.

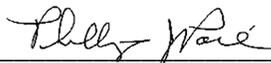
**POLICY OF THE BOARD**

Metropolitan Water District of Southern California

**TITLE: TREATMENT OF EMPLOYEES****CATEGORY: EXECUTIVE LIMITATIONS**

Policy No. EL-1.2      Date of Adoption: August 17, 1999

Board Officer's affirmation of official Board action adopting this policy.

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Officer

With respect to the treatment of employees, the General Manager, General Counsel and Auditor will ensure a safe working environment which is free of harassment and conditions which foster inequitable treatment, discrimination, intolerance or which are unfair, undignified, disorganized or unclear.

Accordingly, the General Manager shall not:

1. Condone, through action or inaction, working conditions which are inherently unsafe or employee behaviors which result in harassment or the discriminatory, intolerant or inequitable treatment of employees.
2. Operate without comprehensive written policies and procedures which clarify personnel rules for all employees (hiring, promotions, transfers, and discipline, etc.); provide for the effective handling of grievances; and outline job performance expectations.
3. Adopt personnel policies and procedures which are unlawful, unethical, in conflict with the terms of the agreements with bargaining units, or in violation of Board directives or authorizations.
4. Fail to establish appropriate training and development programs to ensure that all employee training mandated by law for safety and other purposes is completed in a timely manner.
5. Retaliate against employees who express dissent in the course of their employment concerning organizational activities, policies, or practices based on ethical or other legitimate considerations.
6. Prevent employees from fully exercising their employment rights as established by law or organizational policy.
7. Fail to acquaint employees of their rights under this policy.

**POLICY OF THE BOARD**

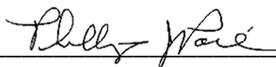
Metropolitan Water District of Southern California

**TITLE: TREATMENT OF MEMBER AGENCIES****CATEGORY: EXECUTIVE LIMITATIONS**

Policy No. EL-1.2a

Date of Adoption: August 17, 1999

Board Officer's affirmation of official Board action adopting this policy.

  
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Officer

With respect to interactions with Member Agencies, the General Manager shall not cause or allow conditions, procedures, or decisions that can conceivably result in unsafe, inequitable, or unreliable water service or other services provided to the organization's Member Agencies and their member agencies. Such conditions, procedures and decisions shall also be non-intrusive and shall provide a level of confidentiality and privacy consistent with commonly accepted business practices.

Accordingly, the General Manager shall not fail to:

1. Establish with Member Agencies a clear understanding of what may be expected and what may not be expected from the services offered.
2. Inform Member Agencies of this policy and provide a grievance process to those who believe they have not been accorded a reasonable interpretation of their rights under this policy.
3. Work with the Member Agencies on a continuous improvement program in order to maintain a high level of recognition regarding these services and modifications to those services that may be required from time to time.
4. Engage the Member Agencies as active participants in the changes to organizational policies and procedures as may be required from time to time.

**POLICY OF THE BOARD**

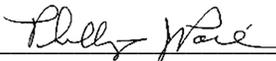
Metropolitan Water District of Southern California

**TITLE: FINANCIAL PLANNING AND BUDGETING****CATEGORY: EXECUTIVE LIMITATIONS**

Policy No. EL-1.3

Date of Adoption: August 17, 1999

Board Officer's affirmation of official Board action adopting this policy.

  
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Officer

The General Manager is responsible for ensuring that financial planning and budgeting processes are established which are comprehensive in scope, integrated, and accurate and reliable so as to prevent any circumstance from disrupting the continued financial viability of the organization.

Accordingly, the General Manager shall not fail to:

1. Develop and maintain a current and comprehensive Long-Range Financial Plan.
2. Develop and maintain a current and comprehensive Integrated Resources Plan.
3. Develop and maintain a current and comprehensive Capital Improvement Plan which reflects both approved and anticipated capital projects from the present time through the next 3 and 10 years respectively.
4. Prepare a sufficiently detailed annual operating budget of revenues and expenditures (operating and capital) prior to the start of each fiscal year as part of a summary-level rolling three-year budget document.
5. Prepare an annual Capital Program Budget prior to the start of each fiscal year outlining planned expenditures for all approved capital projects.
6. Include credible projections of revenues and expenditures, or make use of reasonable and relevant assumptions or data in developing all financial planning and budgeting documents for the organization.
7. Provide the Board with timely and sufficiently detailed reports on deviations from budgeted projections, changes in key financial, economic, or resources assumptions, or any other circumstances or conditions which may materially alter the accuracy or validity of the Long-Range Financial Plan, the Integrated Resources Plan, the Annual Operating or Capital Improvement Program budgets, or other financial planning or budgeting documents of significance.

<b>POLICY OF THE BOARD</b>	
Metropolitan Water District of Southern California	
<b>TITLE: FINANCIAL CONDITIONS AND ACTIVITIES</b>	
<b>CATEGORY: EXECUTIVE LIMITATIONS</b>	
Policy No. EL-1.4	Date of Adoption:
Board Officer's affirmation of official Board action adopting this policy.	
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**[Note: Nos. 5 and 9 had been deferred for further review and revision by the Subcommittee on Rules.]**

With respect to the ongoing financial activities of the organization, the General Manager shall not, by action or inaction, create situations which give rise to fiscal jeopardy or result in material deviations from **Organizational Expectations.**

Accordingly, the General Manager shall not:

1. Expend more moneys in the aggregate in a fiscal year than is provided for in the annual operating and capital budgets, respectively, for such year without prior Board authorization of any excess expenditures.
2. Allow the organization's debt-to-equity ratio to ever exceed 1:1.
3. Use moneys from any restricted reserve funds for any purposes other than those for which such funds were intended.
4. Shift moneys between any funds contrary to legal restrictions, Board intentions, established revenue policies, debt covenants, or sound business practices.
5. Enter into a single contract or purchase commitment involving an expenditure of more than \$250,000 per agreement per year (\$500,000 in the case of a declared emergency) without prior Board approval.
6. Issue short-term or long-term debt or incur other short-term or long-term obligations of a material amount without Board approval.
7. Allow any payments for bonded indebtedness, payroll or other taxes, or government required or ordered payments to be delinquent.
8. Allow contractual obligations, trade payables or other liabilities to become delinquent unless such amounts are subject to dispute or litigation.
9. Forgive payment by any party of any receivable or other financial entitlement or legal judgment in favor of the organization without prior Board approval if the amount involved exceeds   ?   .
10. Acquire, encumber or dispose of real property without prior Board approval.

11. Allow financial accounting and reporting practices to deviate from generally accepted practices for similar organizations.
12. Knowingly permit or condone deviations from the organization's fiscal policies or procedures, including the Board's fiscal Executive Limitations.
13. Spend extravagantly, inefficiently or in ways more costly than necessary.

**POLICY OF THE BOARD**

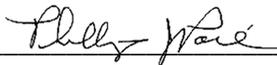
Metropolitan Water District of Southern California

**TITLE: EMERGENCY EXECUTIVE OFFICERS SUCCESSION****CATEGORY: EXECUTIVE LIMITATIONS**

Policy No. EL-1.5

Date of Adoption: August 17, 1999

Board Officer's affirmation of official Board action adopting this policy.

  
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Officer

In order to protect the organization from the sudden loss of the General Manager's services, the General Manager must ensure that no fewer than two other principal assistant executive managers are always available to act in the event of the General Manager's sudden absence or incapacity. The General Counsel and Auditor shall each ensure that at least one principal assistant is available to act in the event of the sudden absence or incapacity of the General Counsel or Auditor. These designated alternate managers must be qualified by their experience and training and are expected to be thoroughly familiar with all substantive Board and organizational issues and processes.

**POLICY OF THE BOARD**

Metropolitan Water District of Southern California

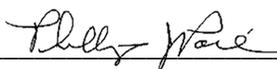
**TITLE: ASSET PROTECTION**

**CATEGORY: EXECUTIVE LIMITATIONS**

Policy No. EL-1.6

Date of Adoption: August 17, 1999

Board Officer's affirmation of official Board action adopting this policy.

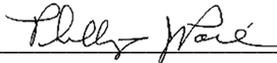
  
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 Officer

The General Manager shall not deviate from the Mission Statement in the use of the District's assets, nor allow the organization's assets to be unprotected, inadequately maintained, or unnecessarily risked in any significant way.

Accordingly, the General Manager shall not:

1. Unnecessarily expose the organization, its Board, or its staff to significant claims of liability.
2. Subject tangible assets and property to unnecessary risk of theft, loss, or waste.
3. Subject operating plant and equipment to improper wear and tear or insufficient maintenance.
4. Allow unbonded personnel access to, or control over, cash or investments of a material amount.
5. Fail to protect the organization's intellectual property, and any mission critical information and records from significant damage, corruption, or loss.
6. Deviate from the organization's Investment Policy without prior Board authorization.
7. Fail to provide for sufficient contingency reserve funds or liability or other forms of insurance coverages, based on formal risk assessment analyses, to protect the organization from significant exposures to casualty and liability losses.
8. Fail to account for and handle grants or advances of moneys from any sources, including federal, state, or local governments, pursuant to applicable laws, regulations, contracts, or other agreements with the grantor agencies or parties making such advances.
9. Award grants of moneys or make commitments of other organizational resources, including assets and personnel, without adequate consideration unless prior Board authorization has been received.
10. Fail to provide sufficient controls over delegated authorities to purchase, contract, or otherwise legally bind the organization.
11. Allow purchasing or contracting practices which violate laws, Board policies, ethical principles, or prudent business practices.
12. Fail to take appropriate legal action or seek legislative remedy in order to fully protect the organization's property rights and interests at all times.

13. Fail to establish and maintain adequate systems of organizational internal controls.
14. Fail to take prompt action to correct noted deficiencies in operating procedures, financial or information systems and controls, contracting or purchasing practices, or other business processes or procedures which, if left unchanged, expose the organization to financial loss or liability.
15. Otherwise endanger the organization's public image or credibility, particularly in ways that would hinder the accomplishment of the organization's mission or achievement of the Board's **Organizational Expectations**.

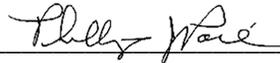
<b>POLICY OF THE BOARD</b>	
Metropolitan Water District of Southern California	
<b>TITLE: COMPENSATION AND BENEFITS</b>	
<b>CATEGORY: EXECUTIVE LIMITATIONS</b>	
Policy No. EL-1.7	Date of Adoption: August 17, 1999
Board Officer's affirmation of official Board action adopting this policy.	
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With respect to the employment, compensation, and benefits of employees, contract workers, or consultants, the General Manager shall not permit activities which would violate prudent or ethical business practices or jeopardize the organization's fiscal integrity or public image.

Accordingly, the General Manager shall not:

Violate laws, regulations, or organizational policies with respect to compensation and, where applicable, benefits for employees, contractors, or consultants.

1. Establish compensation levels and benefits through collective bargaining, direct negotiations, or contract which materially deviate from the appropriate market-based compensation and benefit levels for the skills employed.
2. Promise or imply permanent or guaranteed employment to any employee, prospective employee, contractor, or consultant.
3. Establish or change the General Manager's compensation or benefits without Board approval.
4. Negotiate or agree to any contingent compensation or benefit arrangements with employees, contractors, or consultants beyond those contained in applicable Memoranda of Understanding or contracts unless specifically authorized by the Board.
5. Create compensation or benefit obligations which extend beyond one-year without Board approval.
6. Establish or change any provisions in pension, medical, deferred compensation, savings, or other employee benefit arrangements without Board approval.
7. Allow individual compensation or benefit arrangements to be based on favoritism, political influence, or other factors not related to performance or market-based or competitive considerations.

<b>POLICY OF THE BOARD</b>	
Metropolitan Water District of Southern California	
<b>TITLE: COMMUNICATION AND SUPPORT TO THE BOARD</b>	
<b>CATEGORY: EXECUTIVE LIMITATIONS</b>	
Policy No. EL-1.8	Date of Adoption: August 17, 1999
Board Officer's affirmation of official Board action adopting this policy.	
	 _____ Officer

The General Manager shall not permit the Board to be uninformed or unsupported in its work.

Accordingly, the General Manager shall not:

1. Neglect to submit monitoring data required by the Board in a timely, accurate and understandable fashion, directly addressing provisions of Board policies being monitored.
2. Let the Board be unaware of relevant trends, anticipated adverse media coverage, material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established.
3. Fail to advise the Board if, in the General Manager's opinion, the Board is not in compliance with its own policies on **Governance Process** and **Board-Appointed Officers' Linkage**, particularly in the case of Board behavior which is detrimental to the work relationship between the Board and the General Manager.
4. Fail to marshal for the Board as many issues and options as needed for fully informed Board choices.
5. Present information in unnecessarily complex or lengthy form or in a form that fails to differentiate among information of three types: monitoring, decision preparation, and other.
6. Fail to provide a mechanism for official Board, officer or committee communications.
7. Fail to deal with the Board as a whole except when (a) fulfilling individual requests for information or (b) responding to officers or committees duly charged by the Board.
8. Fail to report in a timely manner on actual or anticipated material noncompliance with any policy of the Board.
9. Fail to bring to the Board all matters that are required by law, or contract, or Board policy to be Board-approved.

## LEVELS OF AUTHORITY

### 1. **Contracts--General Manager**

- For negotiated contracts, if amount payable or expected to be paid is \$250,000 or less (Admin. Code § 8115(c))
- For negotiated professional and technical consultant contracts, if amount payable under any one contract year does not exceed \$250,000 (Admin. Code § 8117)
- Urgent necessity contracts in amounts over \$250,000, with General Manager required to report to Board not later than 7 days after the emergency action or at next scheduled Board meeting, if meeting is not later than 14 days after the action, and such contracts are not binding against the District for amounts exceeding \$250,000, unless the General Manager obtains ratification of the action taken by a four-fifths vote of the Board (Admin. Code §8115(b))
- Change orders, not for capital construction projects, if amount payable is less than \$250,000, but Board approval required if amount of change order will bring the total of the contract to \$250,000 or more (Admin. Code §8115(d))
- Change orders for capital construction projects for an amount of \$250,000 per contract or an aggregate amount not to exceed 5 percent of the initial amount of the contract, whichever is greater (Admin. Code §8115(d))
- Contracts in excess of \$250,000 not requiring Board approval:
  - ◇ Relocation or protection of facilities owned by others when necessary to the construction of District facilities, for an amount not exceeding \$500,000 (Admin. Code § 8118 (a))
  - ◇ Relocation or protection of facilities owned by the District to accommodate the improvement of facilities owned by others for amount not exceeding \$500,000 (Admin. Code §8118(a))
  - ◇ Contracts for utility services, other than electrical energy for the pumping of Colorado River water, to facilities owned or operated by the District without limitation as to amount (Admin. Code §8118(b))
  - ◇ Power and transmission contracts for durations up to one year to furnish power or transmission capability to the District or dispose of power or transmission capability available to the District, and contracts to buy or sell non-firm power on an hour-to-hour basis, provided contract is terminable by the District on not more than thirty days notice to the other party--any such contract to be reported to the Board at its next meeting (Admin. Code § 8118(c))
- Contracts for insurance pertaining to employees for insurance plans approved by the Board (Admin. Code §8120)
- Contracts for purchase or lease of operating equipment by competitive bid, regardless of dollar value if item is specifically identified in the budget and the contract does not

exceed 110 percent of the amount so identified, if sufficient funds are available (Admin. Code §8121(a))

- Contracts for purchase of materials, supplies, and other consumable items by competitive bid regardless of dollar value if item is generally identified in the budget and sufficient funds are available (Admin. Code §8121(a))
- Acquisition of Real Property:
  - ◇ Procure options for purchase of real property at price not more than the lesser of \$250,00 or the appraised market value (Admin. Code §8220)
  - ◇ Acquisition of real property if price or annual payment amount is less than \$10,000, if price determined to be fair market value by a qualified appraiser (Admin. Code §8221(a))
  - ◇ Acquisition of real property if acquisition price, including any option price paid, or annual payment is \$10,000 or more but less than \$500,000, if the property has been appraised prior to acquisition by a qualified appraiser (Admin. Code § 8221 (a))
  - ◇ If acquisition price or annual payment for real property is \$500,000 or more, need appraisal prior to acquisition by a qualified appraiser, and maybe a second appraiser-- and the price or annual payment shall not exceed the lesser of 110 percent of or \$250,000 over the appraised value (Admin. Code §8221(b) and (c) ).
  - ◇ Can grant real property interest in District real property that will not interfere with the District's operations to public entities, public utilities, private person and private entities, if such grant to public entity or public utility is required for its operations, the consideration for any such grant to a private person or private entity is less than \$250,000, but Board approval required if a relocation or protection costs for District facilities exceeds the General Manager authority in Admin. Code § 8118(a)(3). (Admin. Code § 8240)
  - ◇ Disposal of excavated materials (Admin. Code § 8270)
  - ◇ Disposal of surplus personal property (Admin. Code §8271)

## 2. **Contracts-- General Counsel**

- expert assistance if amount to be expended does not exceed \$100,000 per year (Admin. Code § 6431)

## 3. **Contracts--Auditor**

- Obtain services of independent auditors or other profession or technical consultants if amount to be expended does not exceed \$25,000 in any one year (Admin. Code § 6452)

#### 4. **Settlements**

- General Manager, with approval of General Counsel, is authorized to allow, compromise or settle any claim or suit, by or against the District, which does not conflict with another provision of the Code, if the amount to be paid does not exceed \$125,000 --authority to settle claims of \$1000 or less can be delegated to an independent contractor (Admin. Code § 6433(a))
- General Manager, with approval of General Counsel, can settle labor claims or suits if amount does not exceed \$125,000 (Admin. Code § 6433(b))
- Write off uncollectible claims that do not exceed \$125,000 (Admin. Code § 643