

- **Board of Directors**

January 11, 2005 Board Meeting

5G

Subject

Approve amendments to Metropolitan Water District Administrative Code for proposed changes to the committee structure

Description

This letter contains my proposal to change the organization of Metropolitan's Board committees to better fit the committee structure to the multiplicity of issues considered by the Board. My strategy for a new committee structure is described below:

1. The seven standing committees would be: Executive Committee; Engineering and Operations Committee; Budget and Finance Committee; Legal and Claims Committee; Water Planning, Quality and Resources Committee; Ethics Committee; and Organization and Personnel Committee.
2. Personnel matters now handled by the Legal, Claims and Personnel Committee would be handled by the Organization and Personnel Committee.
3. The Ethics Subcommittee of the Executive Committee would become a standing committee, and the Audit Subcommittee would become a special committee.
4. There would be seven special committees in addition to the standing committees: Nominating Committee, Desalination and Reclamation Committee, Communications and Legislation Committee, Education and Outreach Committee, Audit Committee, Asset and Real Property Committee, and Recreation Committee.
5. Matters handled by the Asset, Real Estate and Infrastructure Committee would now be handled by the Asset and Real Property Committee.
6. Matters handled by the Communications, Outreach and Legislation Committee would be divided between the Communications and Legislation Committee and the Education and Outreach Committee. The Communications and Legislation Committee would have two subcommittees: the Sacramento Subcommittee and the Washington D.C. Subcommittee.
7. No changes would be made to the responsibilities of the Engineering and Operations Committee; Budget and Finance Committee; Water Planning, Quality and Resources Committee; and Nominating Committee.
8. There will be four offices of Vice Chair, each with responsibility over committees designated by the Chair.

The proposed amendments to Metropolitan's Administrative Code attached to this letter implement the changes described above. The proposed amendments are set forth on **Attachment 1**, with strikeouts showing deletions and underlining showing additions. **Attachment 2** shows the new version of the affected Administrative Code sections as they would read upon board approval. If approved, the changes to the Administrative Code would become effective as of January 11, 2005.

Policy

Metropolitan Water District Administrative Code Section 2400: Identification of Standing Committees

Metropolitan Water District Administrative Code Section 2500: Other Committees: Miscellaneous Committee Matters

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because the proposed action involves continuing administrative activities such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines).

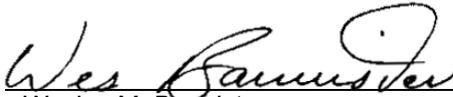
The CEQA determination is: Determine that the proposed action is not subject to the provisions of CEQA per Sections 15378(b)(2) and 15061(b)(3) of the State CEQA Guidelines.

Recommendation

Option #1

Adopt the CEQA determination and approve the changes to the Administrative Code set forth in Attachment 1 to reflect the new structure of the Board's committees.

Fiscal Impact: None


Wesley M. Bannister
Chairman of the Board-Elect

12/27/2004
Date

[Attachment 1 – Administrative Code showing additions and deletions](#)

[Attachment 2 – Administrative Code in final form](#)

ADMINISTRATIVE CODE

§ 2200. Establishment of Offices.

There shall be one office of Chair and one office of Secretary of the Board. There shall be ~~two~~four offices of Vice Chair of the Board serving at the pleasure of the Chair.

§ 2202. Selection of Officers.

The Chair shall be nominated by the Nominating Committee or from the floor and elected in even-numbered years at the October meeting of the Board. The Secretary shall be nominated by the Nominating Committee or from the floor and elected in even-numbered years at the November meeting of the Board. The ~~two~~four Vice Chairs shall be selected by the Chair, with the approval of the Executive Committee and Board, and shall serve at the pleasure of the Chair. Selection of the offices shall be made without regard to the regions which are represented.

Chapter 4

STANDING COMMITTEES

Article	Sec.
1 General	2400
2 Executive Committee	2410
3 Engineering and Operations Committee	2430
4 Budget, and Finance and Investment Committee	2440
5 Asset, Real Estate and Infrastructure Policy Committee <u>Organization and Personnel Committee</u>	2450
6 Legal, and Claims and Personnel Committee	2460
7 [Repealed]	2470]
8 Water Planning, Quality and Resources Committee	2480
9 Communications, Outreach and Legislation <u>Ethics</u> Committee	2490

Article 1

GENERAL

Sec.

2400. Identification of Standing Committees

2401. Officers and Members of Standing Committees

§ 2400. Identification of Standing Committees.

The Standing Committees of the Board of Directors are:

Executive Committee
 Engineering, and Operations Committee
 Budget, ~~and~~ Finance ~~and Investment~~ Committee
~~Asset, Real Estate and Infrastructure Policy Committee~~
Organization and Personnel Committee
 Legal, ~~and~~ Claims ~~and Personnel~~ Committee
 Water Planning, Quality and Resources Committee
~~Communications, Outreach and Legislation Ethics~~ Committee

§ 2401. Officers and Members of Standing Committees.

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

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

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

Article 2

EXECUTIVE COMMITTEE

§ 2410. Membership.

The membership of the Executive Committee shall consist of the Chair, Vice Chairs, Secretary, all past Chairs of the Board who are directors of the District, eight additional directors as nonofficer members, of which two of the eight nonofficer members shall be appointed by the Chair, and the Chairs of the six standing committees in addition to the Executive Committee, ~~the Chairs of the Ethics Subcommittee and Audit~~

~~Subcommittee~~, and the Chairs of Special Committees and other committees whose membership on the Executive eCommittee is specifically directed by the Board. In the event a Chair of a Standing Committee ~~or the Ethics Subcommittee and Audit Subcommittee~~ is ineligible to serve on the Executive Committee because of the limitation set forth in Section 2201(c), or is otherwise ineligible or is absent, the Vice Chair of the committee shall serve.

§ 2417. Duties and Functions.

(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) 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;

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

(5) Study, advise and make recommendations with regard to policies and procedures to be considered by the Board or committees thereof, except for proposed amendments to the Metropolitan Water District Act or this Administrative Code, ~~affecting the organization and personnel policies of the District, the acquisition, ownership and sale of land by the District~~, or other policy matters within the jurisdiction of a specific standing committee;

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

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

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

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

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

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

(12) Policies regarding annexation and the requirements, procedures, terms and conditions for annexations;

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

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

(c) The Executive Committee shall be responsible for the oversight of the performances and activities of the Chief Executive Officer, General Counsel, ~~and~~ General Auditor, and Ethics Officer and an annual review of the Chief Executive Officer's compensation. The Executive Committee shall evaluate the performance of the Chief Executive Officer at least annually in advance of the July Board meetings. It shall also review and approve the Chief Executive Officer's comprehensive business plan and annual goals and work objectives at the start of each fiscal year in advance of the August Board meetings.

(d) After review and consideration of the annual assessment of, and recommendations concerning, Department Heads by the committees responsible for oversight of the performance and activities of a Department Head, the Executive Committee shall make recommendations to the Board on the salary and other compensation of Department Heads in advance of the July meetings, with any changes to be effective at the start of the payroll period nearest to July 1.

(e) The Executive Committee shall also:

(1) Assign and reassign the directors to the standing committees and designate the Committee Chairs and Vice Chairs, subject to approval by the Board of Directors, and to the limitations on terms of office;

~~(2) Designate a Board Vice Chair to act in the Board Chair's absence, failure or inability to act if the Chair has not previously made such a designation.~~

~~(3)~~ 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.

~~(4)~~ Provide policy guidance where appropriate to those directors and District staff members who are associated with organizations in which the District has membership.

~~(5)~~ Conduct hearings on ~~V~~yendors' ~~P~~protests:

(i) Hearings requested pursuant to Section 8104(d), and other hearings granted on the Executive Committee's own motion, unless delegated pursuant to Section 8119 shall be held by the committee at its next regular meeting to be held at least 72 hours after filing of the notice of protest. The hearing shall be conducted in accordance with such rules as the Chair of the committee shall announce. The committee shall make a decision on the bidder's or applicant's protest, shall set forth its reasons therefor, and shall cause the Executive Secretary to serve a copy of the decision on the bidder or applicant. 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 redelegate hearings provided for under ~~Section 2417(k)(5)(i)~~ subparagraph (i) above to a minimum of three members of the Executive Committee who shall act in place of the committee in the conduct of the hearing and who shall at the conclusion thereof make their recommendations to the full committee. Such recommendations shall be accompanied by copies of any materials submitted in evidence. Any hearing held and recommendations made pursuant to such delegated authority shall be completed in advance of the time set for the next regular meeting of the full committee following the meeting at which the matter would otherwise have been heard by the committee.

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

~~§ 2419. Ethics Subcommittee.~~

~~Within the Executive Committee there shall be an Ethics Subcommittee, appointed by, and serving at the pleasure of, the Chair of the Executive Committee. The Ethics Subcommittee shall:~~

~~(a) Study, advise and make recommendations to the Executive Committee regarding the policies and procedures of Metropolitan's ethics program.~~

~~(b) Hold regular meetings no less than four times a year on a quarterly basis or as required to accomplish a specific policy objective.~~

~~§2420. Audit Subcommittee~~

~~Within the Executive Committee there shall be an Audit Subcommittee, appointed by, and serving at the pleasure of, the Chair of the Executive Committee. The Audit Subcommittee shall study, advise and make recommendations to the Executive Committee 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 annual budget;~~
- ~~——(c) The selection of candidates for consideration by the Executive Committee to serve as the General Auditor and the selection of the Assistant General Auditor, as well as the external auditors or special audit consultants, and the determination of the scope of their assignments;~~
- ~~——(d) Requests from other committees of the Board for audits and reviews not included in annual business plan; and,~~
- ~~——(e) The subcommittee shall be responsible for the oversight of the General Auditor’s performance and activities. It shall evaluate the performance of the General Auditor at least annually in advance of the July Board meetings. The results of that evaluation shall be provided to the Executive Committee for consideration as part of its annual review of the General Auditor’s compensation. It shall review and approve the comprehensive business plan and annual goals and work objectives of the General Auditor and the Audit Department at the start of each fiscal year in advance of the August Board meetings.~~

Article 4

BUDGET, AND FINANCE ~~AND INVESTMENT~~ COMMITTEE

§2441. Duties and Functions.

The Budget, and Finance ~~and Investment~~ 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;
- (f) The determination of revenues to be obtained through sales 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 insurance 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 selling prices of water and conditions governing sales of water;
- (o) Costs and accounting procedures relating to the District's and other state water service contracts;
- (p) Policies regarding the sale 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) Review and make recommendations regarding determinations by the Chief Executive Officer with respect to appeals concerning readiness-to-serve charges, new demand charges, and connection maintenance charges, and report its recommendations, as appropriate, to affirm or reverse the Chief Executive Officer's determinations; and,
- (t) Review and make recommendations regarding appeals from determinations by the Chief Executive Officer to deny or qualify an application for exemption from the water standby charge, and report its recommendations, as appropriate, to affirm or reverse the Chief Executive Officer's determinations.

Article 5

ASSET, REAL ESTATE AND INFRASTRUCTURE POLICY ORGANIZATION AND PERSONNEL COMMITTEE

§ 2450. Day of Regular Meetings.

The regular meetings of the ~~Asset, Real Estate and Infrastructure Policy~~ Organization and Personnel Committee shall be held on the ~~Monday preceding Tuesday of~~-regular Board meetings.

§2451 Duties and Functions.

The Organization and Personnel Committee shall study, advise and make recommendations to the Board with regard to:

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

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

(c) Relations between the District and its employees, including all matters affecting wage, hours, pension plans and other employee benefits, and other terms and conditions of employment;

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

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

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

~~The Asset, Real Estate and Infrastructure Policy Committee shall study, advise and make recommendation with regard to:~~

~~——(a) Proposed amendments to the Metropolitan Water District Act and Code affecting the acquisition, ownership and sale of land by the District;~~

~~——(b) Proposed rules and proposals regarding business development opportunities including real property and intellectual property transactions;~~

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

~~——(d) The purchase, sale, and leasing of land and building, including the performance of oversight and coordination of the District's various office and garage space needs, the development of recreational facilities at Diamond Valley Lake, and issues relating to boating regulations at any District facility;~~

- ~~——(e) The incidental use of land in farming operations and otherwise;~~
- ~~——(f) The operation and maintenance of buildings;~~
- ~~——(g) The selection of appraisers and the determination of the scope of their assignments;~~
- ~~——(h) The purchase, management and disposition of personal property assets such as equipment and vehicles;~~
- ~~——(i) Approval and oversight of facilities master plans, including budgeting for capital improvements and long term facilities commitments; and,~~
- ~~——(j) Approval and oversight of information technology strategies, projects and activities, including budgeting and tracking of information technology resources and asset management.~~

Article 6

LEGAL, ~~AND~~ CLAIMS ~~AND PERSONNEL~~ COMMITTEE

§ 2460. Day of Regular Meeting.

The regular meetings of the Legal, ~~and~~ Claims ~~and Personnel~~ Committee shall be held on the Monday preceding regular Board meetings.

§ 2461. Duties and Functions.

The Legal, ~~and~~ Claims ~~and Personnel~~ Committee shall study, advise and make recommendations with regard to:

- (a) Litigation and claims brought by or against the District;
- (b) Condemnation matters, when they involve settlements requiring Board approval and inverse condemnation matters;
- (c) Public liability insurance matters, including self-insurance aspects, and matters pertaining to errors and omissions insurance;
- (d) Policy considerations concerning District contracts;
- (e) The selection of candidates for consideration by the Executive Committee to serve as the General Counsel and Assistant General Counsel and the determination of the scope of the assignments of the General Counsel;

(f) The selection of special counsel and the determination of the scope of their assignments;

(g) Proposed amendments of the Metropolitan Water District Act, ~~and the Public Employees' Retirement Law,~~ legislation dealing with public agencies, and proposed District ordinances;

(h) The organization and contents of the Code and proposed amendments to the Metropolitan Water District Act and Code; ~~affecting the organization and personnel policies of the District; and,~~

~~(i) Legal aspects and legal consequences of executed memorandum of understanding between the Chief Executive Officer and an organization representing employees;~~

(j) The oversight of the General Counsel's performance and activities. It shall evaluate the performance of the General Counsel at least annually in advance of the June Board meetings. The results of that evaluation shall be provided to the Executive Committee for consideration as part of its annual review of the General Counsel's compensation. It shall also review and approve the comprehensive business plan and annual goals and work objectives for the General Counsel and the Legal Department at the start of each fiscal year in advance of the August Board meetings.

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

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

~~(m) Relations between the District and its employees including all matters affecting wages, hours, pension plans and other employee benefits, and other terms and conditions of employment;~~

~~(n) Areas of special concern to the District and its employees, including, but not limited to equal employment opportunity, affirmative action, and work rules pertaining to the health and safety of employees; and,~~

~~(o) Policies and rules regarding the employment, discipline and discharge of District officers and employees;~~

Article 9

**~~COMMUNICATIONS, OUTREACH AND LEGISLATION~~ ETHICS
COMMITTEE**

§ 2490. Ethics Committee

(a) The Ethics Committee shall study, advise and make recommendations to the Board regarding the policies and procedures of Metropolitan's ethics program.

(b) The Ethics Committee shall be responsible for the oversight of the performance and activities of the Ethics Officer. It shall evaluate the performance of the Ethics Officer at least annually in advance of the June Board meetings. The results of that evaluation shall be provided to the Executive Committee for consideration as part of its annual review of the compensation of the Ethics Officer. It shall also review and approve the comprehensive business plan and annual goals and work objectives for the Ethics Office at the start of each fiscal year in advance of the August Board meetings.

(c) The Ethics Committee shall hold regular meetings not less than four times a year on a quarterly basis, or as required to accomplish a specific policy objective.

§ 2490.—Day of Regular Meeting.

~~————The regular meetings of the Communications, Outreach and Legislation Committee shall be held on the Tuesday of regular Board meetings.~~

§ 2491.—Duties and Functions.

~~————The Communications, Outreach and Legislation Committee shall study, advise and make recommendations to the Board with regard to, and in the following manner:~~

~~————(a) Review and make recommendations based upon presentations of the Chief Executive Officer regarding proposals for State and Federal legislation, or amendments thereto, that may affect the District, and coordinate such review with other Committees of the Board;~~

~~————(b) Review staff and Board members' recommendations for positions on such legislation;~~

~~————(c) Consider the need for new legislation as identified by members of the Board or the Chief Executive Officer;~~

~~————(d) Coordinate with the Chief Executive Officer opportunities for members of the Board to assist in efforts to inform members of the Legislature or the Congress with regard to proposed legislation and other outreach activities;~~

~~————(e) Review the effectiveness of legislative advocacy efforts by staff and members of the Board;~~

~~_____ (f) Review the effectiveness of Metropolitan’s external affairs, and general communications efforts;~~

~~_____ (g) Provide direction to the External Affairs Group to ensure pro-active, timely messages, which reflect Board policies, and Metropolitan programs and activities to the member agencies and the general public;~~

~~_____ (h) The selection of public information consultants and the determination of the scope of their assignment.~~

Chapter 5

Article 3

§ 2530. Desalination and Reclamation Committee.

(a) Members of the Desalination and Reclamation Committee are appointed by, and serve at the pleasure of, the Chair of the Board.

(b) The Desalination and Reclamation Committee shall hold meetings as needed, as determined by the Chair of the Desalination and Reclamation Committee or the Chair of the Board.

(c) The Desalination and Reclamation Committee shall study, advise and make recommendations to the Board with regard to:

(1) Seawater desalination and its development in Metropolitan’s service area.

(2) Reclamation and its development in Metropolitan’s service area.

(3) Brackish water issues in Metropolitan’s service area.

Article 4

§ 2540. Day of Regular Meeting.

The regular meetings of the Communications and Legislation Committee shall be held on the fourth Tuesday of each month.

§ 2541. Duties and Functions.

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

(a) Proposals of the Chief Executive Officer, 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 Chief Executive Officer;

(d) 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;

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

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

§ 2542. Membership.

Members of the Communications and Legislation Committee are appointed by, and serve at the pleasure of, the Chair of the Board.

§ 2543. Subcommittees

a. Within the Communications and Legislation Committee there shall be a Sacramento Subcommittee which shall study, advise and make recommendations to the Communications and Legislation Committee regarding legislative activities involving the State of California.

b. Within the Communications and Legislation Committee there shall be a Washington D.C. Subcommittee which shall study, advise and make recommendations to the Communications and Legislation Committee regarding legislative activities involving the federal government.

Article 5

§ 2550. Day of Regular Meeting.

The regular meetings of the Education and Outreach Committee shall be held on the fourth Tuesday of each month.

§ 2551. Duties and Functions.

The Education and Outreach Committee shall study, advise and make recommendations to the Board with regard to:

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

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

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

§ 2552. Membership.

Members of the Education and Outreach Committee are appointed by, and serve at the pleasure of, the Chair of the Board.

Article 6

§ 2560. Audit Committee.

(a) Members of the Audit Committee are appointed by, and serve at the pleasure of, the Chair of the Board.

(b) The Audit Committee shall hold meetings as needed, as determined by the Chair of the Audit Committee or the Chair of the Board.

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

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

(2) The Audit Department’s annual business plan and annual budget;

(3) Requests from other committees of the Board for audits and reviews not included in annual business plan.

(d) The Audit Committee shall be responsible for the oversight of the General Auditor’s performance and activities. It shall evaluate the performance of the General Auditor at least annually in advance of the July Board meeting. The results of that evaluation shall be provided to the Executive Committee for consideration as part of the Audit Committee’s annual review of the General Auditor’s compensation. It shall review and approve the comprehensive business plan and annual goals and work objectives of the General Auditor and the Audit Department at the start of each fiscal year in advance of the August Board meeting.

Article 7

§ 2570. Asset and Real Property Committee

(a) Members of the Asset and Real Property Committee are appointed by, and serve at the pleasure of, the Chair of the Board.

(b) The Asset and Real Property Committee shall hold meetings as needed, as determined by the Chair of the Asset and Real Property Committee or the Chair of the Board.

(c) The Asset and Real Property Committee shall study, advise and make recommendations with regard to:

(1) Proposed amendments to the Metropolitan Water District Act and Code affecting the acquisition, ownership and sale of land by the District;

(2) Proposed rules and proposals regarding business development opportunities, including real property and intellectual property transactions;

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

(4) The purchase, sale, and leasing of land and buildings, including the District's various office and garage space needs, but excluding the development, oversight and coordination of recreational facilities at Diamond Valley Lake and Lake Skinner;

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

(6) The operation and maintenance of buildings;

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

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

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

Article 8

§ 2580. Recreation Committee.

(a) Members of the Recreation Committee are appointed by, and serve at the pleasure of, the Chair of the Board.

(b) The Recreation Committee shall hold meetings as needed, as determined by the Chair of the Recreation Committee or the Chair of the Board.

(c) The Recreation Committee shall study, advise and make recommendations to the Board with regard to:

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

(2) The disposition of property related to Diamond Valley Lake and Lake Skinner facilities.

§ 4304. Apportionment of Revenues and Setting of Water Rates and Charges to Raise Firm Revenue.

(a) Not later than at its January meeting the Chief Executive Officer shall present to the Budget, ~~and~~ Finance ~~and Investment~~ Committee of the Board.

(1) determinations of the revenue requirements and cost of service analysis supporting the rates and changes required during the fiscal year beginning the following July 1 as determined by the Chief Executive Officer 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 the following January 1. These recommended rates shall be the Chief Executive Officer's determination, made in accordance with current Board policies, of the rates necessary to produce substantially the revenues to be derived from water sales during the fiscal year beginning the following July 1.

(b) The Chief Executive Officer shall also present to the Budget, ~~and~~ Finance ~~and Investment~~ Committee at its January meeting recommendations regarding the imposition of a water standby charge or an availability of service charge (such as the readiness-to-serve charge and capacity reservation charge) which charge shall be the Chief Executive Officer's determination, made in accordance with current Board policies, of the charge necessary to produce substantially the revenues to be derived from firm revenue sources, if any, exclusive of taxes, during the fiscal year beginning the following July 1 which the Budget, ~~and~~ Finance ~~and Investment~~ Committee has determined to be necessary.

(c) Not later than its January meeting the Budget, ~~and~~ Finance ~~and Investment~~ Committee shall set a time or times for, and shall thereafter hold, one or more meetings of the Budget, ~~and~~ Finance ~~and Investment~~ Committee to be held prior to its regular

March meeting at which interested parties may present their views regarding the proposed water rates to said committee. The Budget, ~~and~~ Finance ~~and Investment~~ Committee shall direct the Chief Executive Officer 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) The Budget, ~~and~~ Finance ~~and Investment~~ Committee shall also make at its January meeting a preliminary determination of the type of firm revenue, if any, to be raised for the following fiscal year and recommend to the Board a form of resolution of intention to impose either a water standby charge or an availability of service charge sufficient to raise such firm revenue, exclusive of taxes, to implement such determination. The committee shall also recommend to the Board that it (1) authorize and direct the Chief Executive Officer to satisfy all notice requirements for implementation of such charge and (2) set dates, times and locations for, and thereafter hold, prior to the regular April meeting, one or more adjourned meetings of the Board, for public hearings and consideration of the imposition of the charge, at which interested parties may present their views regarding the proposed charge.

(e) At its regular March meeting the Budget, ~~and~~ Finance ~~and Investment~~ Committee shall make its determination regarding the revenue requirement to be paid from water rates and the water rates to become effective the following January 1 and shall recommend said water rates to the Board at the Board's regular March meeting.

(f) At its March meeting, the Board shall establish water rates for deliveries beginning the following January 1.

(g) Not later than its regular May meeting, the Budget, ~~and~~ Finance ~~and Investment~~ Committee shall make its final determination regarding the water standby charge or other firm 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.

(h) Not later than its May meeting, the Board shall consider and take action upon the recommendations, if any, of the Budget, ~~and~~ Finance ~~and Investment~~ Committee regarding a firm revenue source, exclusive of taxes, for the fiscal year beginning the following July 1.

(i) 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.

§ 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 , 19 .

(enter name of insurance company)

(b) The Treasurer shall report annually to the **Audit**, Budget and Finance Committee all payments made pursuant to this Section 5104.

§ 5107. Annual Budget.

(a) There shall be prepared, under the direction of the Chief Executive Officer, a proposed annual consolidated budget which shall be submitted to the Board no later than the date of the regular Board meeting in June immediately preceding the fiscal year to which the budget applies. The proposed budget shall indicate by fund all anticipated expenditures and required reserves and the source of moneys to be used to meet such expenditures and provide such reserves. The proposed annual consolidated budget will include a three-year budget outlook. A Board Workshop on the proposed annual consolidated budget will be conducted prior to the June Budget ~~and Finance and Investment~~ Committee meeting. The Budget ~~and Finance and Investment~~ Committee shall review the proposed budget in its entirety, together with the recommendations from the Board workshop, and report its recommendations to the Board.

(b) After considering the proposed budget and making any revisions thereto that it may deem advisable, the Board shall adopt the budget before the beginning of the fiscal year to which the budget applies. The amounts provided in the budget for total expenditures for operation and maintenance, including minimum and variable operation 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 operational and maintenance budget shall be measured against the regional rate of inflation as measured by 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.

§ 5305. Report of Exercise of Authority.

The Chief Executive Officer shall report to the next following meeting of the ~~Audit~~, Budget and Finance Committee of the Board any exercise of authority pursuant to this Chapter.

§ 6106. Appropriate Units.

(a) Determination of Appropriate Unit. - The Employee Relations Officer, immediately following receipt of a petition for recognition, shall post notice of a meeting in major locations throughout the District. No less than 10 calendar days advance notice shall be given of the meeting date and time. The notice shall include the name of the

petitioning organization and a description of the proposed unit. All interested employee organizations will be invited to present their positions on the appropriateness of the proposed unit. The procedures for such meetings shall be as determined by the Chief Executive Officer. In making the determination that the unit is appropriate, not appropriate or that another unit is more appropriate, the Employee Relations Officer shall consider the following criteria:

(1) Whether there is a community of interest among the employees. Such community shall be determined from, among other factors, the extent to which the employees have common classifications, job families, skills, training, working conditions, job duties, educational requirements, and whether the employees are part of an integrated work process or contribute to a continuous work flow.

(2) The history of employee representation in the proposed unit, among other employees of the District, and in similar employment in other agencies and firms.

(3) The effect of the proposed unit on the efficient operation of the District and sound employee relations.

(4) The right of professional employees to be represented separately from nonprofessional employees.

(b) Adverse Determination. - In the event the Employee Relations Officer determines that a proposed unit does not qualify as an appropriate unit, the authorized representatives of the employee organization seeking to be recognized as the organization representing the proposed unit may appeal to the Legal, Claims Organization and Personnel Committee to make final determination of appropriateness of the unit.

(c) Limitations.

(1) No proposed unit shall qualify as an appropriate unit solely on the basis of the extent to which employees in the proposed unit have organized.

(2) Management and confidential employees may be excluded by the Employee Relations Officer from a unit including non-management and non-confidential employees.

(3) No job classification and no employee shall be included in more than one appropriate unit.

(4) Supervisory employees may be excluded by the Employee Relations Officer from a unit including nonsupervisory employees when the supervisory employee has charge of a remote facility or is himself subject to limited supervision.

(d) New Classifications. - When the District establishes a new job classification, the Employee Relations Officer shall determine whether the new classification is

managerial, confidential, supervisory, or nonsupervisory and to which, if any, appropriate unit the classification is to be assigned.

§ 6111. Resolution of Impasses.

(a) When an impasse occurs between the Employee Relations Officer and a recognized employee organization, either party may initiate the impasse procedure by filing with the other party or parties affected, a written request for an impasse meeting together with a statement of its position on all disputed issues. After the date of filing of the written request for such a meeting, the Employee Relations Officer shall schedule an impasse meeting with the Chief Executive Officer, and send written notice to all affected parties.

(b) The purposes of an impasse meeting are:

(1) To permit a review of the position of all parties in a final effort to reach agreement on the disputed issue, and

(2) If agreement is not reached, to mutually select an impasse procedure described in Section 6111(c) hereof by which the dispute shall be resolved; in the absence of agreement between the parties on an impasse procedure, the matter shall be referred to the Legal, Claims Organization and Personnel Committee which shall select an impasse procedure.

(c) The available impasse procedures are:

(1) Mediation as defined in Section 6101(h). The parties shall mutually select one mediator. In the event the parties are unable to agree on a mediator, the mediator shall be selected and furnished by the California State Mediation and Conciliation Service. All mediation proceedings shall be private. The mediator may make no public recommendations nor take any public position concerning the impasse. Fees and expenses of the mediator, if any, shall be payable one-half by the District and one-half by the recognized employee organization or organizations affected. Issues in which, in the opinion of the mediator or any party to the mediation, mediation has failed, shall be presented in writing to the Legal, Claims Organization and Personnel Committee at its next regularly scheduled meeting following date of said written notice. Mediation may be considered to have failed by any party only after that party has given reasonable time and effort to the mediation proceeding. Upon presentation of said issue to the Legal, Claims Organization and Personnel Committee, said committee shall proceed as in Section 6111(c)(2).

(2) Determination by the Legal, Claims Organization and Personnel Committee of the Board of Directors, following a meeting at which all parties to the dispute shall have been represented, shall have heard testimony by other parties, and been given opportunity to rebut such testimony.

§ 6113. Unfair Employer Practices.

(a) It shall be an unfair employer practice for the District through its supervisory or management employees:

(1) To interfere with, restrain or coerce employees in the exercise of rights recognized or granted in this Article 1.

(2) To dominate or interfere with the formation of any employee organization or to encourage formation of or contribute financial support to it. As provided in other sections of this Article 1, however, it shall not be unfair employer practice for the District to provide meeting places, make dues deductions or permit time off without loss of pay for employee relations purposes.

(3) To refuse to meet and confer in good faith with properly designated representatives of recognized employee organizations on wages, hours and other terms and conditions of employment.

(4) To discriminate against employees or employee organizations for filing petitions, notices of grievance or participating in meetings under provisions of this Article 1.

(5) To give preferential treatment to any recognized employee organization over another.

(b) When District management has engaged in a practice prohibited by this section, and said practice has not been corrected by the Chief Executive Officer, the chief officer of the organization may notify the Chairman of the ~~Legal, Claims~~Organization and Personnel Committee and request corrective action by that committee.

§ 6114. Unfair Employee Practices.

(a) It shall be an unfair employee practice for any employee organization:

(1) To interfere with, restrain or coerce employees or the District in the exercise of rights recognized or granted in this Article 1.

(2) To refuse to meet and confer in good faith with the Employee Relations Officer on wages, hours and terms and conditions of employment.

(3) To refuse or deny equal representation to all members of the appropriate unit, regardless of their membership in the employee organization.

(b) Any employee organization failing to comply with these provisions may be decertified on a temporary or permanent basis by the Chief Executive Officer, subject to

subsequent appeal to the ~~Legal, Claims Organization~~ and Personnel Committee said committee having final authority in such matters.

§ 6116. Authority.

(a) ~~Legal, Claims Organization~~ and Personnel Committee is hereby empowered to carry out all functions assigned to said committee by any provision of this Article 1 and the Chairman of said committee is empowered to carry out any function assigned to him by this Article 1. In carrying out its functions, the ~~Legal, Claims Organization~~ and Personnel Committee may enact such rules of procedure as it deems appropriate.

(b) Chief Executive Officer. - The Chief Executive Officer shall represent the Board in its dealings with employee organizations in accordance with law and codes of the Board. The Chief Executive Officer is authorized to prescribe rules necessary to implement the intent of this Article 1.

(c) Employee Relations Officer. - If the authority and functions of the Employee Relations Officer are delegated by the Chief Executive Officer to another person, that person is authorized to carry out all functions assigned by this Article 1 in a manner prescribed by the Chief Executive Officer. The Chief Executive Officer shall notify each recognized employee organization in writing of such delegation and shall post notice thereof on District bulletin boards.

(d) Employee Organizations.

(1) Nothing contained in this Article 1 shall prevent an organization, either before or after certification as a recognized employee organization from substituting other persons for persons previously designated as representatives, from naming new representatives, or from revoking the authority of representatives previously designated. No such change shall be recognized by the Employee Relations Officer unless he shall have been notified thereof in writing by an authorized representative of the organization.

(2) Each employee organization, whether recognized or not, shall promptly inform the Employee Relations Officer in writing of each change in any item of information furnished with a petition of recognition.

§ 6118. Interpretation and Administration.

The Chief Executive Officer shall have authority to interpret and administer provisions of this Article 1, subject to appeal to the ~~Legal, Claims Organization~~ and Personnel Committee.

§ 6208. Pay Rate Administration.

(a) Pay rate schedules, as approved by the Board, shall include pay rate grades and pay rate ranges consisting of minimum and maximum rates of pay for each position.

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

(b) Pay rates for Department Heads shall be individually fixed by the Board. Pay rates for all employees shall be fixed by their respective Department Heads within the ranges fixed by the Board for such positions in accordance with practices, policies and procedures promulgated by the Chief Executive Officer. The Executive Committee shall annually make a recommendation to the Board concerning any changes in the salaries and other compensation of the Department Heads, such changes to be acted upon by the Board no later than at its June meeting to be effective at the start of the payroll period beginning nearest to July 1.

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

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

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

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

(g) Subject to Section 6211, the performance of regular employees other than Department Heads, will be annually reviewed by their Department Heads to determine

eligibility for merit increases under evaluation procedures, guidelines and rules developed by the Chief Executive Officer. Changes in pay rate ranges approved by the Board have no effect upon these limitations.

(h) Pay Rate Survey.

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

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

City of Glendale
Southern California Water Company
Southern California Edison Company
City of Pasadena
Mobil Oil Company
City of Los Angeles
State Department of Water Resources
County of Orange
City of Los Angeles Department of
Water & Power
Southern California Gas Company
County of Los Angeles

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

§ 6209. Discharge.

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

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

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

6304. Chief Executive Officer's Report on Affirmative Action Policy and Program.

Semi-annually, the Chief Executive Officer shall report to the ~~Legal, Claims~~Organization and Personnel Committee on the implementation of this Article and on the status of the Affirmative Action Program.

§ 6332. Audit.

(a) All expense reports submitted by directors, department heads other than the General Auditor, and all other employees are subject to audit by the General Auditor's office after they have been processed. The General Auditor's expense reports shall be subject to audit by the Chief Financial Officer.

(b) The General Auditor, or the Chief Financial Officer with regard to any such claim of the General Auditor, shall refer unusual or questionable claims of directors or Department Heads to the Chair of the Audit, ~~Budget and Finance~~ Committee for review and discussion with the claimant if necessary, except that the General Auditor shall refer any such claim made by the Chair of the Audit, ~~Budget and Finance~~ Committee to the Chair of the Board of Directors for review and discussion with the claimant if necessary. If questions regarding the claim cannot be resolved with the claimant, the claim shall be referred to the Audit, ~~Budget and Finance~~ Committee and the claimant notified. The Audit, ~~Budget and Finance~~ Committee, after conference with the claimant, may reduce or disallow any claim and the claimant shall reimburse the District.

(c) Questionable claims of assistant department heads or group managers shall be referred by the General Auditor to the Chief Executive Officer for resolution. Questionable claims of other employees shall be referred to the appropriate level of management or supervision for resolution. The Chief Executive Officer, or his designee, in consultation with the General Counsel's office, shall have the authority to make final determinations on audit issues involving the expense reports of all employees below the level of department head.

§ 6416. Annual Report to Executive Committee

The Chief Executive Officer shall annually, in advance of the July Board meetings, submit to the Executive Committee a comprehensive business plan for the District and the Chief Executive Officer's goals and work objectives for the coming year for review and approval. The business plan and goals and work objectives shall be submitted in conjunction with similar reports by the General Counsel to the Legal, ~~and~~ Claims ~~and Personnel~~ Committee and the General Auditor to the Audit, ~~Budget and Finance~~ Committee.

§ 6436. Annual and Quarterly Reports to Legal, ~~and~~ Claims ~~and Personnel~~ Committee.

(a) The Chief Executive Officer and General Counsel shall report quarterly to the Legal, ~~and~~ Claims ~~and Personnel~~ 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 ~~and Personnel~~ Committee the exercise of any power delegated to him by Section 6431.

(b) The General Counsel shall annually, in advance of the July Board meetings, submit to the Legal, ~~and~~ Claims ~~and Personnel~~ Committee a comprehensive Legal Department business plan and the Legal Department's annual goals and work objectives for review and approval. The business plan and goals and work objectives shall be submitted in conjunction with similar reports by the Chief Executive Officer and General Auditor to the Executive Committee, ~~the Audit Committee~~ and the ~~Audit~~, Budget and Finance Committee.

§ 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 scope of internal auditing activities is subject to Board review and approval, but shall not otherwise be restricted. The Audit ~~Subcommittee~~ 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) and for reviewing reports issued by both the internal and external auditors. Internal auditors, with stringent regard for safekeeping and confidentiality, shall have access to all District activities, records, property, and employees as may be necessary to carry out their assigned responsibilities.

(b) The General Auditor manages the District's Audit Department and is responsible for recommending an audit Department charter, any changes to which shall be approved by the Audit ~~Subcommittee~~ Committee (subject to review and approval of the Board of Directors), 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 Audit ~~Subcommittee~~ Committee a comprehensive Audit business plan for review and approval. The business plan shall be

submitted in conjunction with similar reports by the Chief Executive Officer and General Counsel to the Executive Committee and the Legal, ~~and~~ Claims ~~and Personnel~~ 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 Chief Executive Officer and General Counsel for their information and appropriate actions. The form and content of such reports shall be determined by the General Auditor. Whenever an audit report contains recommendations for corrective actions or changes in current practices, the Chief Executive Officer, the General Counsel, 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. The General Auditor shall then submit a report on major assignments conducted, or significant issues noted, to the Audit Subcommittee.

(d) The General Auditor's reports on internal audit assignments shall be addressed to the Audit ~~Subcommittee~~Committee. The General Auditor shall have the discretion to determine the form and content of such audit reports, subject to guidance by the Audit ~~Subcommittee~~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 Audit ~~Subcommittee~~Committee shall be submitted to the Chief Executive Officer and General Counsel for review and comment simultaneously to their submittal to the Audit ~~subcommittee~~Committee.

(f) The General Auditor shall transmit all reports issued by the District's external auditors to the Audit ~~Subcommittee~~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.

(g) 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 he deems necessary. All revisions to the Audit Business Plan will be communicated periodically to the Audit ~~Subcommittee~~Committee for its information and concurrence. The reporting process for assignments requested by either executive management or by committees of the Board shall generally follow the process outlined in paragraphs 6450(c) or (d) previously. However, any reports on audits requested by a committee of the Board shall be jointly addressed to such committee and the Audit ~~Subcommittee~~Committee. Copies of these reports will first be provided to management for review and comment consistent with the provisions of paragraph 6450(d).

§ 6452. 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 him in performing his assigned duties as may be required or as he deems 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 Audit ~~Subcommittee~~Committee whenever he exercises the authority granted under this section and he shall further report quarterly to the Legal ~~and~~ and ~~Claims and Personnel~~ Committee concerning any agreements entered into under this section.

§6472. Authority to Obtain Professional Services.

The Ethics Officer is authorized to employ the services of professional or technical consultants for advice and assistance in performing the duties assigned as may be required or as deemed necessary, provided that the amount to be expended in fees, costs and expenses under any one contract in any one year shall not exceed \$40,000. The Ethics Officer shall inform the Ethics ~~Subcommittee~~Committee whenever the authority granted under this section is exercised, and shall further report quarterly on activities concerning any agreements entered into under this section.

§6473. Annual Report to Ethics ~~Subcommittee~~ Committee.

The Ethics Officer shall annually, in advance of the July Board meetings, submit to the Ethics ~~Subcommittee~~ Committee a comprehensive work plan for the Ethics Office with goals and work objectives for review and approval. The work plan with goals and work objectives for the Ethics Office shall also be submitted in conjunction with similar reports by the Chief Executive Officer, General Counsel and General Auditor.

ADMINISTRATIVE CODE

§ 2200. Establishment of Offices.

There shall be one office of Chair and one office of Secretary of the Board. There shall be four offices of Vice Chair of the Board serving at the pleasure of the Chair.

§ 2202. Selection of Officers.

The Chair shall be nominated by the Nominating Committee or from the floor and elected in even-numbered years at the October meeting of the Board. The Secretary shall be nominated by the Nominating Committee or from the floor and elected in even-numbered years at the November meeting of the Board. The four Vice Chairs shall be selected by the Chair, with the approval of the Executive Committee and Board, and shall serve at the pleasure of the Chair. Selection of the offices shall be made without regard to the regions which are represented.

Chapter 4

STANDING COMMITTEES

Article	Sec.
1 General	2400
2 Executive Committee	2410
3 Engineering and Operations Committee	2430
4 Budget and Finance t Committee	2440
5 Organization and Personnel Committee	2450
6 Legal and Claims Committee	2460
7 [Repealed	2470]
8 Water Planning, Quality and Resources Committee	2480
9 Ethics Committee	2490

Article 1

GENERAL

- Sec.
- 2400. Identification of Standing Committees
- 2401. Officers and Members of Standing Committees

§ 2400. Identification of Standing Committees.

The Standing Committees of the Board of Directors are:

- Executive Committee
- Engineering and Operations Committee
- Budget and Finance Committee
- Organization and Personnel Committee

Legal and Claims Committee
Water Planning, Quality and Resources Committee
Ethics Committee

§ 2401. Officers and Members of Standing Committees.

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

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

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

Article 2

EXECUTIVE COMMITTEE

§ 2410. Membership.

The membership of the Executive Committee shall consist of the Chair, Vice Chairs, Secretary, all past Chairs of the Board who are directors of the District, eight additional directors as nonofficer members, of which two of the eight nonofficer members shall be appointed by the Chair, and the Chairs of the six standing committees in addition to the Executive Committee, and the Chairs of Special Committees and other committees whose membership on the Executive Committee is specifically directed by the Board. In the event a Chair of a Standing Committee is ineligible to serve on the Executive Committee because of the limitation set forth in Section 2201(c), or is otherwise ineligible or is absent, the Vice Chair of the committee shall serve.

§ 2417. Duties and Functions.

(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) 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;

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

(5) Study, advise and make recommendations with regard to policies and procedures to be considered by the Board or committees thereof, except for proposed amendments to the Metropolitan Water District Act or this Administrative Code, or other policy matters within the jurisdiction of a specific standing committee;

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

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

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

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

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

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

(12) Policies regarding annexation and the requirements, procedures, terms and conditions for annexations;

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

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

(c) The Executive Committee shall be responsible for the oversight of the performances and activities of the Chief Executive Officer, General Counsel, General Auditor, and Ethics Officer and an annual review of the Chief Executive Officer's compensation. The Executive Committee shall evaluate the performance of the Chief Executive Officer at least annually in advance of the July Board meetings. It shall also review and approve the Chief Executive Officer's comprehensive business plan and annual goals and work objectives at the start of each fiscal year in advance of the August Board meetings.

(d) After review and consideration of the annual assessment of, and recommendations concerning, Department Heads by the committees responsible for oversight of the performance and

activities of a Department Head, the Executive Committee shall make recommendations to the Board on the salary and other compensation of Department Heads in advance of the July meetings, with any changes to be effective at the start of the payroll period nearest to July 1.

(e) The Executive Committee shall also:

(1) Assign and reassign the directors to the standing committees and designate the Committee Chairs and Vice Chairs, subject to approval by the Board of Directors, and to the limitations on terms of office;

(2) 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.

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

(4) Conduct hearings on vendors' protests:

(i) Hearings requested pursuant to Section 8104(d), and other hearings granted on the Executive Committee's own motion, unless delegated pursuant to Section 8119 shall be held by the committee at its next regular meeting to be held at least 72 hours after filing of the notice of protest. The hearing shall be conducted in accordance with such rules as the Chair of the committee shall announce. The committee shall make a decision on the bidder's or applicant's protest, shall set forth its reasons therefor, and shall cause the Executive Secretary to serve a copy of the decision on the bidder or applicant. 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 redelegate hearings provided for under subparagraph (i) above to a minimum of three members of the Executive Committee who shall act in place of the committee in the conduct of the hearing and who shall at the conclusion thereof make their recommendations to the full committee. Such recommendations shall be accompanied by copies of any materials submitted in evidence. Any hearing held and recommendations made pursuant to such delegated authority shall be completed in advance of the time set for the next regular meeting of the full committee following the meeting at which the matter would otherwise have been heard by the committee.

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

Article 4

BUDGET AND FINANCE COMMITTEE

§2441. Duties and Functions.

The Budget and Finance t 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;
- (f) The determination of revenues to be obtained through sales 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 insurance 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 selling prices of water and conditions governing sales of water;
- (o) Costs and accounting procedures relating to the District's and other state water service contracts;
- (p) Policies regarding the sale 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) Review and make recommendations regarding determinations by the Chief Executive Officer with respect to appeals concerning readiness-to-serve charges, new demand charges, and connection maintenance charges, and report its recommendations, as appropriate, to affirm or reverse the Chief Executive Officer's determinations; and,

(t) Review and make recommendations regarding appeals from determinations by the Chief Executive Officer to deny or qualify an application for exemption from the water standby charge, and report its recommendations, as appropriate, to affirm or reverse the Chief Executive Officer's determinations.

Article 5

ORGANIZATION AND PERSONNEL COMMITTEE

§ 2450. Day of Regular Meetings.

The regular meetings of the Organization and Personnel Committee shall be held on the Tuesday of regular Board meetings.

§2451 Duties and Functions.

The Organization and Personnel Committee shall study, advise and make recommendations to the Board with regard to:

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

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

(c) Relations between the District and its employees, including all matters affecting wage, hours, pension plans and other employee benefits, and other terms and conditions of employment;

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

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

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

Article 6**LEGAL AND CLAIMS COMMITTEE****§ 2460. Day of Regular Meeting.**

The regular meetings of the Legal and Claims Committee shall be held on the Monday preceding regular Board meetings.

§ 2461. Duties and Functions.

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

- (a) Litigation and claims brought by or against the District;
- (b) Condemnation matters, when they involve settlements requiring Board approval and inverse condemnation matters;
- (c) Public liability insurance matters, including self-insurance aspects, and matters pertaining to errors and omissions insurance;
- (d) Policy considerations concerning District contracts;
- (e) The selection of candidates for consideration by the Executive Committee to serve as the General Counsel and Assistant General Counsel and the determination of the scope of the assignments of the General Counsel;
- (f) The selection of special counsel and the determination of the scope of their assignments;
- (g) Proposed amendments of the Metropolitan Water District Act, legislation dealing with public agencies, and proposed District ordinances;
- (h) The organization and contents of the Code and proposed amendments to the Metropolitan Water District Act and Code; and,
- (i) The oversight of the General Counsel's performance and activities. It shall evaluate the performance of the General Counsel at least annually in advance of the June Board meetings. The results of that evaluation shall be provided to the Executive Committee for consideration as part of its annual review of the General Counsel's compensation. It shall also review and approve the comprehensive business plan and annual goals and work objectives for the General Counsel and the Legal Department at the start of each fiscal year in advance of the August Board meetings.

Article 9

ETHICS COMMITTEE

§ 2490. Ethics Committee.

(a) The Ethics Committee shall study, advise and make recommendations to the Board regarding the policies and procedures of Metropolitan's ethics program.

(b) The Ethics Committee shall be responsible for the oversight of the performance and activities of the Ethics Officer. It shall evaluate the performance of the Ethics Officer at least annually in advance of the June Board meetings. The results of that evaluation shall be provided to the Executive Committee for consideration as part of its annual review of the compensation of the Ethics Officer. It shall also review and approve the comprehensive business plan and annual goals and work objectives for the Ethics Office at the start of each fiscal year in advance of the August Board meetings.

(c) The Ethics Committee shall hold regular meetings not less than four times a year on a quarterly basis, or as required to accomplish a specific policy objective.

Chapter 5

Article 3

§ 2530. Desalination and Reclamation Committee.

(a) Members of the Desalination and Reclamation Committee are appointed by, and serve at the pleasure of, the Chair of the Board.

(b) The Desalination and Reclamation Committee shall hold meetings as needed, as determined by the Chair of the Desalination and Reclamation Committee or the Chair of the Board.

(c) The Desalination and Reclamation Committee shall study, advise and make recommendations to the Board with regard to:

- (1) Seawater desalination and its development in Metropolitan's service area.
- (2) Reclamation and its development in Metropolitan's service area.
- (3) Brackish water issues in Metropolitan's service area.

Article 4

§ 2540. Day of Regular Meeting.

The regular meetings of the Communications and Legislation Committee shall be held on the fourth Tuesday of each month.

§ 2541. Duties and Functions.

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

(a) Proposals of the Chief Executive Officer, 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 Chief Executive Officer;

(d) 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;

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

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

§ 2542. Membership.

Members of the Communications and Legislation Committee are appointed by, and serve at the pleasure of, the Chair of the Board.

§ 2543. Subcommittees.

a. Within the Communications and Legislation Committee there shall be a Sacramento Subcommittee which shall study, advise and make recommendations to the Communications and Legislation Committee regarding legislative activities involving the State of California.

b. Within the Communications and Legislation Committee there shall be a Washington D.C. Subcommittee which shall study, advise and make recommendations to the Communications and Legislation Committee regarding legislative activities involving the federal government.

Article 5

§ 2550. Day of Regular Meeting.

The regular meetings of the Education and Outreach Committee shall be held on the fourth Tuesday of each month.

§ 2551. Duties and Functions.

The Education and Outreach Committee shall study, advise and make recommendations to the Board with regard to:

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

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

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

§ 2552. Membership.

Members of the Education and Outreach Committee are appointed by, and serve at the pleasure of, the Chair of the Board.

Article 6

§ 2560. Audit Committee.

(a) Members of the Audit Committee are appointed by, and serve at the pleasure of, the Chair of the Board.

(b) The Audit Committee shall hold meetings as needed, as determined by the Chair of the Audit Committee or the Chair of the Board.

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

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

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

(3) Requests from other committees of the Board for audits and reviews not included in annual business plan.

(d) The Audit Committee shall be responsible for the oversight of the General Auditor's performance and activities. It shall evaluate the performance of the General Auditor at least annually in advance of the July Board meeting. The results of that evaluation shall be provided to the Executive Committee for consideration as part of the Audit Committee's annual review of the General Auditor's compensation. It shall review and approve the comprehensive business plan and annual goals and work objectives of the General Auditor and the Audit Department at the start of each fiscal year in advance of the August Board meeting.

Article 7

§ 2570. Asset and Real Property Committee.

(a) Members of the Asset and Real Property Committee are appointed by, and serve at the pleasure of, the Chair of the Board.

(b) The Asset and Real Property Committee shall hold meetings as needed, as determined by the Chair of the Asset and Real Property Committee or the Chair of the Board.

(c) The Asset and Real Property Committee shall study, advise and make recommendations with regard to:

(1) Proposed amendments to the Metropolitan Water District Act and Code affecting the acquisition, ownership and sale of land by the District;

(2) Proposed rules and proposals regarding business development opportunities, including real property and intellectual property transactions;

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

(4) The purchase, sale, and leasing of land and buildings, including the District's various office and garage space needs, but excluding the development, oversight and coordination of recreational facilities at Diamond Valley Lake and Lake Skinner;

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

(6) The operation and maintenance of buildings;

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

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

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

Article 8

§ 2580. Recreation Committee.

(a) Members of the Recreation Committee are appointed by, and serve at the pleasure of, the Chair of the Board.

(b) The Recreation Committee shall hold meetings as needed, as determined by the Chair of the Recreation Committee or the Chair of the Board.

(c) The Recreation Committee shall study, advise and make recommendations to the Board with regard to:

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

(2) The disposition of property related to Diamond Valley Lake and Lake Skinner facilities.

§ 4304. Apportionment of Revenues and Setting of Water Rates and Charges to Raise Firm Revenue.

(a) Not later than at its January meeting the Chief Executive Officer shall present to the Budget and Finance Committee of the Board.

(1) determinations of the revenue requirements and cost of service analysis supporting the rates and changes required during the fiscal year beginning the following July 1 as determined by the Chief Executive Officer 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 the following January 1. These recommended rates shall be the Chief Executive Officer's determination, made in accordance with current Board policies, of the rates necessary to produce substantially the revenues to be derived from water sales during the fiscal year beginning the following July 1.

(b) The Chief Executive Officer shall also present to the Budget and Finance Committee at its January meeting recommendations regarding the imposition of a water standby charge or an availability of service charge (such as the readiness-to-serve charge and capacity reservation charge) which charge shall be the Chief Executive Officer's determination, made in accordance with current Board policies, of the charge necessary to produce substantially the revenues to be derived from firm revenue sources, if any, exclusive of taxes, during the fiscal year beginning the following July 1 which the Budget and Finance Committee has determined to be necessary.

(c) Not later than its January meeting the Budget and Finance Committee shall set a time or times for, and shall thereafter hold, one or more meetings of the Budget and Finance Committee to be held prior to its regular March meeting at which interested parties may present their views regarding the proposed water rates to said committee. The Budget and Finance Committee shall direct the Chief Executive Officer 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) The Budget and Finance Committee shall also make at its January meeting a preliminary determination of the type of firm revenue, if any, to be raised for the following fiscal year and recommend to the Board a form of resolution of intention to impose either a water standby charge or an availability of service charge sufficient to raise such firm revenue, exclusive of taxes, to implement such determination. The committee shall also recommend to the Board that it (1) authorize and direct the Chief Executive Officer to satisfy all notice requirements for implementation of such charge and (2) set dates, times and locations for, and thereafter hold, prior to the regular April meeting, one or more adjourned meetings of the Board, for public hearings and consideration of the imposition of the charge, at which interested parties may present their views regarding the proposed charge.

(e) At its regular March meeting the Budget and Finance Committee shall make its determination regarding the revenue requirement to be paid from water rates and the water rates to become effective

the following January 1 and shall recommend said water rates to the Board at the Board's regular March meeting.

(f) At its March meeting, the Board shall establish water rates for deliveries beginning the following January 1.

(g) Not later than its regular May meeting, the Budget and Finance Committee shall make its final determination regarding the water standby charge or other firm 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.

(h) Not later than its May meeting, the Board shall consider and take action upon the recommendations, if any, of the Budget and Finance Committee regarding a firm revenue source, exclusive of taxes, for the fiscal year beginning the following July 1.

(i) 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.

§ 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 , 19 .

(enter name of insurance company)

(b) The Treasurer shall report annually to the Budget and Finance Committee all payments made pursuant to this Section 5104.

§ 5107. Annual Budget.

(a) There shall be prepared, under the direction of the Chief Executive Officer, a proposed annual consolidated budget which shall be submitted to the Board no later than the date of the regular Board meeting in June immediately preceding the fiscal year to which the budget applies. The proposed budget shall indicate by fund all anticipated expenditures and required reserves and the source of moneys to be used to meet such expenditures and provide such reserves. The proposed annual consolidated budget will include a three-year budget outlook. A Board Workshop on the proposed annual consolidated budget will be conducted prior to the June Budget and Finance Committee meeting. The Budget and Finance Committee shall review the proposed budget in its entirety, together with the recommendations from the Board workshop, and report its recommendations to the Board.

(b) After considering the proposed budget and making any revisions thereto that it may deem advisable, the Board shall adopt the budget before the beginning of the fiscal year to which the budget applies. The amounts provided in the budget for total expenditures for operation and maintenance, including minimum and variable operation 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 operational and maintenance budget shall be measured against the regional rate of inflation as measured by 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.

§ 5305. Report of Exercise of Authority.

The Chief Executive Officer shall report to the next following meeting of the Budget and Finance Committee of the Board any exercise of authority pursuant to this Chapter.

§ 6106. Appropriate Units.

(a) Determination of Appropriate Unit. - The Employee Relations Officer, immediately following receipt of a petition for recognition, shall post notice of a meeting in major locations throughout the District. No less than 10 calendar days advance notice shall be given of the meeting date and time. The notice shall include the name of the petitioning organization and a description of the proposed unit. All interested employee organizations will be invited to present their positions on the appropriateness of the proposed unit. The procedures for such meetings shall be as determined by the Chief Executive Officer. In making the determination that the unit is appropriate, not appropriate or that another unit is more appropriate, the Employee Relations Officer shall consider the following criteria:

(1) Whether there is a community of interest among the employees. Such community shall be determined from, among other factors, the extent to which the employees have common classifications, job families, skills, training, working conditions, job duties, educational requirements, and whether the employees are part of an integrated work process or contribute to a continuous work flow.

(2) The history of employee representation in the proposed unit, among other employees of the District, and in similar employment in other agencies and firms.

(3) The effect of the proposed unit on the efficient operation of the District and sound employee relations.

(4) The right of professional employees to be represented separately from nonprofessional employees.

(b) Adverse Determination. - In the event the Employee Relations Officer determines that a proposed unit does not qualify as an appropriate unit, the authorized representatives of the employee organization seeking to be recognized as the organization representing the proposed unit may appeal to the Organization and Personnel Committee to make final determination of appropriateness of the unit.

(c) Limitations.

(1) No proposed unit shall qualify as an appropriate unit solely on the basis of the extent to which employees in the proposed unit have organized.

(2) Management and confidential employees may be excluded by the Employee Relations Officer from a unit including non-management and non-confidential employees.

(3) No job classification and no employee shall be included in more than one appropriate unit.

(4) Supervisory employees may be excluded by the Employee Relations Officer from a unit including nonsupervisory employees when the supervisory employee has charge of a remote facility or is himself subject to limited supervision.

(d) New Classifications. - When the District establishes a new job classification, the Employee Relations Officer shall determine whether the new classification is managerial, confidential, supervisory, or nonsupervisory and to which, if any, appropriate unit the classification is to be assigned.

§ 6111. Resolution of Impasses.

(a) When an impasse occurs between the Employee Relations Officer and a recognized employee organization, either party may initiate the impasse procedure by filing with the other party or parties affected, a written request for an impasse meeting together with a statement of its position on all disputed issues. After the date of filing of the written request for such a meeting, the Employee Relations Officer shall schedule an impasse meeting with the Chief Executive Officer, and send written notice to all affected parties.

(b) The purposes of an impasse meeting are:

(1) To permit a review of the position of all parties in a final effort to reach agreement on the disputed issue, and

(2) If agreement is not reached, to mutually select an impasse procedure described in Section 6111(c) hereof by which the dispute shall be resolved; in the absence of agreement between the parties on an impasse procedure, the matter shall be referred to the Organization and Personnel Committee which shall select an impasse procedure.

(c) The available impasse procedures are:

(1) Mediation as defined in Section 6101(h). The parties shall mutually select one mediator. In the event the parties are unable to agree on a mediator, the mediator shall be selected and furnished by the California State Mediation and Conciliation Service. All mediation proceedings shall be private. The mediator may make no public recommendations nor take any public position concerning the impasse. Fees and expenses of the mediator, if any, shall be payable one-half by the District and one-half by the recognized employee organization or organizations affected. Issues in which, in the opinion of the mediator or any party to the mediation, mediation has failed, shall be presented in writing to the Organization and Personnel Committee at its next regularly scheduled meeting following date of said written notice. Mediation may be considered to have failed by any party only after that party has given reasonable time and effort to the mediation proceeding. Upon presentation of said issue to the Organization and Personnel Committee, said committee shall proceed as in Section 6111(c)(2).

(2) Determination by the Organization and Personnel Committee of the Board of Directors, following a meeting at which all parties to the dispute shall have been represented, shall have heard testimony by other parties, and been given opportunity to rebut such testimony.

§ 6113. Unfair Employer Practices.

(a) It shall be an unfair employer practice for the District through its supervisory or management employees:

(1) To interfere with, restrain or coerce employees in the exercise of rights recognized or granted in this Article 1.

(2) To dominate or interfere with the formation of any employee organization or to encourage formation of or contribute financial support to it. As provided in other sections of this Article 1, however, it shall not be unfair employer practice for the District to provide meeting places, make dues deductions or permit time off without loss of pay for employee relations purposes.

(3) To refuse to meet and confer in good faith with properly designated representatives of recognized employee organizations on wages, hours and other terms and conditions of employment.

(4) To discriminate against employees or employee organizations for filing petitions, notices of grievance or participating in meetings under provisions of this Article 1.

(5) To give preferential treatment to any recognized employee organization over another.

(b) When District management has engaged in a practice prohibited by this section, and said practice has not been corrected by the Chief Executive Officer, the chief officer of the organization may notify the Chairman of the Organization and Personnel Committee and request corrective action by that committee.

§ 6114. Unfair Employee Practices.

(a) It shall be an unfair employee practice for any employee organization:

(1) To interfere with, restrain or coerce employees or the District in the exercise of rights recognized or granted in this Article 1.

(2) To refuse to meet and confer in good faith with the Employee Relations Officer on wages, hours and terms and conditions of employment.

(3) To refuse or deny equal representation to all members of the appropriate unit, regardless of their membership in the employee organization.

(b) Any employee organization failing to comply with these provisions may be decertified on a temporary or permanent basis by the Chief Executive Officer, subject to subsequent appeal to the Organization and Personnel Committee said committee having final authority in such matters.

§ 6116. Authority.

(a) Organization and Personnel Committee is hereby empowered to carry out all functions assigned to said committee by any provision of this Article 1 and the Chairman of said committee is

empowered to carry out any function assigned to him by this Article 1. In carrying out its functions, the Organization and Personnel Committee may enact such rules of procedure as it deems appropriate.

(b) Chief Executive Officer. - The Chief Executive Officer shall represent the Board in its dealings with employee organizations in accordance with law and codes of the Board. The Chief Executive Officer is authorized to prescribe rules necessary to implement the intent of this Article 1.

(c) Employee Relations Officer. - If the authority and functions of the Employee Relations Officer are delegated by the Chief Executive Officer to another person, that person is authorized to carry out all functions assigned by this Article 1 in a manner prescribed by the Chief Executive Officer. The Chief Executive Officer shall notify each recognized employee organization in writing of such delegation and shall post notice thereof on District bulletin boards.

(d) Employee Organizations.

(1) Nothing contained in this Article 1 shall prevent an organization, either before or after certification as a recognized employee organization from substituting other persons for persons previously designated as representatives, from naming new representatives, or from revoking the authority of representatives previously designated. No such change shall be recognized by the Employee Relations Officer unless he shall have been notified thereof in writing by an authorized representative of the organization.

(2) Each employee organization, whether recognized or not, shall promptly inform the Employee Relations Officer in writing of each change in any item of information furnished with a petition of recognition.

§ 6118. Interpretation and Administration.

The Chief Executive Officer shall have authority to interpret and administer provisions of this Article 1, subject to appeal to the Organization and Personnel Committee.

§ 6208. Pay Rate Administration.

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

(b) Pay rates for Department Heads shall be individually fixed by the Board. Pay rates for all employees shall be fixed by their respective Department Heads within the ranges fixed by the Board for such positions in accordance with practices, policies and procedures promulgated by the Chief Executive Officer. The Executive Committee shall annually make a recommendation to the Board concerning any changes in the salaries and other compensation of the Department Heads, such changes to be acted upon by the Board no later than at its June meeting to be effective at the start of the payroll period beginning nearest to July 1.

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

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

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

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

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

(h) Pay Rate Survey.

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

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

City of Glendale
Southern California Water Company
Southern California Edison Company
City of Pasadena
Mobil Oil Company
City of Los Angeles
State Department of Water Resources
County of Orange
City of Los Angeles Department of
Water & Power
Southern California Gas Company
County of Los Angeles

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

§ 6209. Discharge.

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

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

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

6304. Chief Executive Officer's Report on Affirmative Action Policy and Program.

Semi-annually, the Chief Executive Officer shall report to the Organization and Personnel Committee on the implementation of this Article and on the status of the Affirmative Action Program.

§ 6332. Audit.

(a) All expense reports submitted by directors, department heads other than the General Auditor, and all other employees are subject to audit by the General Auditor's office after they have

been processed. The General Auditor's expense reports shall be subject to audit by the Chief Financial Officer.

(b) The General Auditor, or the Chief Financial Officer with regard to any such claim of the General Auditor, shall refer unusual or questionable claims of directors or Department Heads to the Chair of the Audit Committee for review and discussion with the claimant if necessary, except that the General Auditor shall refer any such claim made by the Chair of the Audit Committee to the Chair of the Board of Directors for review and discussion with the claimant if necessary. If questions regarding the claim cannot be resolved with the claimant, the claim shall be referred to the Audit Committee and the claimant notified. The Audit Committee, after conference with the claimant, may reduce or disallow any claim and the claimant shall reimburse the District.

(c) Questionable claims of assistant department heads or group managers shall be referred by the General Auditor to the Chief Executive Officer for resolution. Questionable claims of other employees shall be referred to the appropriate level of management or supervision for resolution. The Chief Executive Officer, or his designee, in consultation with the General Counsel's office, shall have the authority to make final determinations on audit issues involving the expense reports of all employees below the level of department head.

§ 6416. Annual Report to Executive Committee.

The Chief Executive Officer shall annually, in advance of the July Board meetings, submit to the Executive Committee a comprehensive business plan for the District and the Chief Executive Officer's goals and work objectives for the coming year for review and approval. The business plan and goals and work objectives shall be submitted in conjunction with similar reports by the General Counsel to the Legal and Claims Committee and the General Auditor to the Audit Committee.

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

(a) The Chief Executive Officer 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 him by Section 6431.

(b) The General Counsel shall annually, in advance of the July Board meetings, submit to the Legal and Claims Committee a comprehensive Legal Department business plan and the Legal Department's annual goals and work objectives for review and approval. The business plan and goals and work objectives shall be submitted in conjunction with similar reports by the Chief Executive Officer and General Auditor to the Executive Committee, the Audit Committee and the Budget and Finance Committee.

§ 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 scope of internal auditing activities is subject to Board review and approval, but shall not otherwise be restricted. The Audit 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) and for reviewing

reports issued by both the internal and external auditors. Internal auditors, with stringent regard for safekeeping and confidentiality, shall have access to all District activities, records, property, and employees as may be necessary to carry out their assigned responsibilities.

(b) The General Auditor manages the District's Audit Department and is responsible for recommending an audit Department charter, any changes to which shall be approved by the Audit Committee (subject to review and approval of the Board of Directors), 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 Audit Committee a comprehensive Audit business plan for review and approval. The business plan shall be submitted in conjunction with similar reports by the Chief Executive Officer and General Counsel to the Executive Committee and the Legal and Claims 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 Chief Executive Officer and General Counsel for their information and appropriate actions. The form and content of such reports shall be determined by the General Auditor. Whenever an audit report contains recommendations for corrective actions or changes in current practices, the Chief Executive Officer, the General Counsel, 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. The General Auditor shall then submit a report on major assignments conducted, or significant issues noted, to the Audit Subcommittee.

(d) The General Auditor's reports on internal audit assignments shall be addressed to the Audit Committee. The General Auditor shall have the discretion to determine the form and content of such audit reports, subject to guidance by the Audit 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 Audit Committee shall be submitted to the Chief Executive Officer and General Counsel for review and comment simultaneously to their submittal to the Audit Committee.

(f) The General Auditor shall transmit all reports issued by the District's external auditors to the Audit 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.

(g) 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 he deems necessary. All revisions to the Audit Business Plan will be communicated periodically to the Audit Committee for its information and concurrence. The reporting process for assignments requested by either executive management or by committees of the Board shall generally follow the process outlined in paragraphs 6450(c) or (d) previously. However, any reports on audits requested by a committee of the Board shall be jointly addressed to such committee and the Audit Committee. Copies of these

reports will first be provided to management for review and comment consistent with the provisions of paragraph 6450(d).

§ 6452. 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 him in performing his assigned duties as may be required or as he deems 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 Audit Committee whenever he exercises the authority granted under this section and he shall further report quarterly to the Legal and Claims Committee concerning any agreements entered into under this section.

§6472. Authority to Obtain Professional Services.

The Ethics Officer is authorized to employ the services of professional or technical consultants for advice and assistance in performing the duties assigned as may be required or as deemed necessary, provided that the amount to be expended in fees, costs and expenses under any one contract in any one year shall not exceed \$40,000. The Ethics Officer shall inform the Ethics Committee whenever the authority granted under this section is exercised, and shall further report quarterly on activities concerning any agreements entered into under this section.

§6473. Annual Report to Ethics Committee.

The Ethics Officer shall annually, in advance of the July Board meetings, submit to the Ethics Committee a comprehensive work plan for the Ethics Office with goals and work objectives for review and approval. The work plan with goals and work objectives for the Ethics Office shall also be submitted in conjunction with similar reports by the Chief Executive Officer, General Counsel and General Auditor.