

- **Board of Directors**
Legal and Human Resources Committee

November 20, 2007 Board Meeting

7-4

Subject

Approve amendments to the Metropolitan Water District Administrative Code to conform to current laws and practices and make corrections

Description

This letter proposes amendments to Metropolitan's Administrative Code to reflect changes in Metropolitan's practices, to conform the Code to pertinent laws and regulations, correct minor errors and to provide consistency with previously enacted Administrative Code sections.

The proposed amendments are set forth in [Attachment 1](#), with overstrikes reflecting deletions and underlining reflecting additions. [Attachment 2](#) sets forth the sections as they would now appear in the Administrative Code. The proposed amendments include the described changes to the following Administrative Code sections:

- Section 2145 on appearances before the Board and committees is amended to simplify the language of the existing rules.
- Section 2148 on time limits of presentations to the Board is amended to also apply to presentations to committees, in conformity with existing practice.
- Section 2700(c) on the General Manager's annual report to the Executive Committee on the General Manager's goals and objectives is amended to correct an Administrative Code reference.
- Section 3301 on taxes for annexations occurring before July 1, 1978, is amended to provide for collection of annexation fees and accrued interest at a constant tax rate instead of amortizing the fees and interest at a lower rate for a longer period. The constant tax rate is the annexation tax rate of .1875%. This conforms to existing practice and to the terms of such annexations.
- Section 5202 on fund parameters is amended to state that amounts in the Revenue Remainder Fund, Replacement and Refurbishment Fund and Water Rate Stabilization Fund are available to pay debt service on Metropolitan's Water Revenue Bonds. While debt service generally is paid from debt service funds, this statement makes it clear that balances in these funds can be included when calculating debt service coverage.
- Section 6433 on authority to litigate, compromise and settle claims by and against Metropolitan is amended to add that the General Manager, with the approval of the General Counsel, can compromise or settle any claim under a capital construction contract if the amount paid under the contract, including the contract amount, change orders and the settlement, does not exceed the authorized contract maximum. All such settlements will be reported to the Legal and Human Resources Committee each calendar quarter pursuant to existing Section 2720. This addresses an ambiguity that occurred when an agreement resolving contractor requests for change orders included settlement language. Including this amendment assures that such settlements will be fully reported to the Board.
- Section 6500 is amended to update the list of unrepresented positions to conform to existing positions and pay schedules, to add the positions of Executive Strategist, Assistant General Auditor, Director of Human Resources, Chief Deputy General Counsel – Labor and Chief Operating Officer, and to delete the positions of Human Resources Section Manager and Deputy General Counsel IV-Labor.

- Section 7140(d) of the Ethics Policy is amended to clarify how employee rights under existing disciplinary procedures may be invoked in the event of a finding of noncompliance or violation of the Ethics Policy by an officer or employee.
- Section 8221(d) on the acquisition of real property is amended to provide that, in the event of multiple approved appraisals, Metropolitan’s offer to purchase shall be based on the highest appraised value. This change is required to conform to the requirements of the California Eminent Domain Law.
- Section 8223 on the acquisition of real property is amended to authorize the General Manager to provide payment for an independent appraisal ordered by the property owner in connection with Metropolitan’s acquisition of real property. This is now required by the Eminent Domain Law up to the limit set forth in the statute, which is currently \$5,000.

Policy

Metropolitan Water District Administrative Code Section 2451(g)

California Environmental Quality Act (CEQA)

CEQA determination for Staff Recommendation:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves government fiscal activities, which do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment (Section 15378(b)(4) 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).

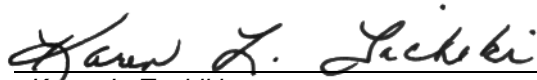
The CEQA determination is: Determine that the proposed action is not subject to CEQA pursuant to Sections 15378(b)(2), 15378(b)(4), and 15061(b)(3) of the State CEQA Guidelines.

Staff Recommendation

Adopt the CEQA determination and approve amendments to the Administrative Code set forth in **Attachment 2** to reflect the changes recommended in this letter.

Fiscal Impact: None

Business Analysis: To conform to current law and procedures


 _____ 11/5/2007
 Karen L. Tachiki Date
 General Counsel


 _____ 11/5/2007
 Jeffrey Lightlinger Date
 General Manager

Attachment 1 – The Administrative Code of The Metropolitan Water District of Southern California (showing additions and deletions)

Attachment 2 – The Administrative Code of The Metropolitan Water District of Southern California (changed provisions only)

Division II

**PROCEDURES PERTAINING TO BOARD, COMMITTEES
AND DIRECTORS**

Chapter 1

BOARD OF DIRECTORS

Article 3

MISCELLANEOUS BOARD RULES

§ 2145. Appearances before Board and Committees.

(a) Persons desiring to appear before the Board at a regular meeting shall so signify when asked by the Chair to do so at the time the agenda item required by Section 2109(c~~d~~) is called. They shall state the purpose of their appearance. ~~They shall, if the purpose relates to an item already or to be considered by a committee, be referred by the Chair of the Board to the appropriate committee~~ to be considered by a committee, the Chair of the Board shall refer them to the appropriate committee, unless the Chair determines that referral is not appropriate or the person expresses a desire to address the Board directly. The person may address the Board on matters within the Board's subject matter jurisdiction subject to reasonable time limits on the issue and individual speakers as established by the Chair.

(b) Upon referral of an appearance to a committee by the Board, the Committee Chair shall place the matter on the committee's agenda. ~~or if the request for an appearance is made to the committee in the first instance, the Committee Chair shall place the matter on the committee's agenda. If the Committee Chair shall place the matter on the committee's agenda unless the committee determines that the matter should be referred to the Board for placement on the Board's agenda or to a different committee.~~ or if it is considered by the Board in the first instance, the Chair of the Board shall place the matter on the agenda.

§ 2148. Time limits upon presentations.

Members of the public addressing the Board or a committee shall be limited to three minutes at each meeting. Organizations shall be limited to a total of five minutes if more than one representative wishes to speak. Each director may speak for no more than three minutes on each matter before the Board or a committee. The ~~Chair, or of Chair of~~ Chair of the Board or a committee, or the Board or committee by majority vote, may allow additional time.

Chapter 7

PERIODIC STAFF REPORTS TO BOARD AND COMMITTEES

Article 1

ANNUAL REPORTS

§ 2700. General Manager's Annual Reports.

The General Manager shall annually make the following reports

(c) To the Executive Committee on the General Manager’s Business Plan and goals and objectives as required by Section 64165.

Division III

ANNEXATIONS

Chapter 3

FINANCIAL POLICIES RELATED TO ANNEXATIONS

§ 3301. Taxes for Past Annexations.

(a) Effective with the 1981-82 fiscal year a tax rate of 18.75 cents per \$100 of assessed valuation (to be stated as .1875% for tax levying and collecting purposes) has been established to collect annexation charges from areas annexed to the District after September 13, 1966 and before July 1, 1978 and such rate shall be continued until the annexation charge and interest on unlevied balances thereof have been raised; ~~or until the assessed valuation has increased to the point where the method of raising the balance of said annexation charge and interest on unlevied balances thereof could be changed to substantially equal annual levies for the remaining portion of the thirty year period following annexation;~~ provided, however, that in an area annexing after August 19, 1976 and before July 1, 1978 such rate shall in no event be levied for any fiscal year following the fiftieth year after the area has been annexed to the District.

(b) Effective with the 1981-82 fiscal year a tax rate of 18.75 cents per \$100 of assessed valuation (to be stated as .1875% for tax levying and collecting purposes) has been established to collect the balance of the annexation charges from areas which annexed to the District prior to September 13, 1966, and such rate shall be continued until said balance of the annexation charges and interest on unlevied balances thereof have been raised; ~~or until the assessed valuation has increased to the point where reversion could be made to the original method of raising annexation charges and interest on unlevied balances thereof by means of substantially equal annual levies.~~

(c) If for any reason (due to adoption in this State of tax limitation Constitutional initiatives, legislation or otherwise), any or all of the District's taxes to raise the minimum annexation charge are unable to be levied, then the Board shall have the option to collect such charge, or unlevied balances thereof, with interest at 5 percent per annum, within said area through any lawful means now, or to become, available to the District.

Division V

FINANCIAL MATTERS

Chapter		Sec.
1	Administrative Matters	5100
2	Financial Policies	5200
3	Short-Term Certificates	5300

Chapter 2

FINANCIAL POLICIES

Sec.

5200. Funds Established

5201. Restricted Funds

5202. Fund Parameters

5203. Indirect Credit of District

5204. Compliance with Fund Requirements and Bond Indenture Provisions

§ 5202. Fund Parameters.

The minimum cash and securities to be held in the various ledger funds as of June 30 of each year shall be as follows:

(a) For the Revenue Remainder Fund cash and securities on hand of June 30 of each year shall be equal to the portion of fixed costs of the District estimated to be recovered by water sales revenues for the eighteen months beginning with the immediately succeeding July. Such funds are to be used in the event that revenues are insufficient to pay the costs of the District.

(b) For the Replacement and Refurbishment Fund, any unexpended monies shall remain in the Fund for purposes defined in Section 5109, or as otherwise determined by the Board. The end-of-year fund balance may not exceed \$95 million. Available monies in excess of \$95 million at June 30 shall be transferred to the Water Rate Stabilization Fund, unless otherwise determined by the Board.

(c) Amounts remaining in the Revenue Remainder on June 30 of each year after meeting the requirements set forth in Section 5202(a) shall be transferred to the Water Rate Stabilization Fund and to the extent required under Section 5202(d), to the Water Treatment Surcharge Stabilization Fund.

(d) After making the transfer of funds as set forth in Section 5202(c), a determination shall be made to substantially identify the portion, if any, of such transferred funds attributable to collections of treatment surcharge revenue in excess of water treatment cost and to collections of water stewardship rate revenue in excess of costs of the Conservation Credits Program, Local Resources Program seawater desalination and similar demand management programs, including the departmental operations and maintenance costs of administering these programs. Such funds shall be transferred to the Water Treatment Surcharge Stabilization Fund and the Water Stewardship Fund, respectively, to be available for the principal purpose of mitigating required increases in the treatment surcharge and water stewardship rates. If such determination indicates a deficiency in treatment surcharge or water stewardship rate revenue occurred during the fiscal year, a transfer of funds shall be made from the Water Treatment Surcharge Stabilization Fund or the Water Stewardship Fund, as needed and appropriate, to reimburse funds used for the deficiency. Notwithstanding the principal purpose of the Water Treatment Surcharge Stabilization Fund and the Water Stewardship Fund, amounts assigned to these fund shall be available for any other lawful purpose of the District.

(e) Amounts in the Water Rate Stabilization Fund shall be held for the principal purpose of maintaining stable and predictable water rates and charges. The amount to be held in the Water Rate Stabilization fund shall be targeted to be equal to the portion of the fixed costs of the District estimated to be recovered by water sales revenues during the two years immediately following the eighteen-month period referenced in Section 5202(a). Funds in excess of such targeted amount shall be utilized for capital expenditures of the District in lieu of the issuance of additional debt, or for the redemption, defeasance or purchase of outstanding bonds or commercial paper of the District as determined by the Board. Provided that the District's fixed charge coverage ratio is at or above 1.2 amounts in the Water Rate Stabilization Fund may be expended for any lawful purpose of the District, as determined by the Board of Directors, provided that any funds distributed to member agencies shall be

allocated on the basis of all water sales during the previous fiscal year, such sales to include sales under the Interim Agricultural Water Program, Replenishment Service Program and all Full Service water sales.

Notwithstanding the fund parameters set forth in this Section 5202, including, but not limited to, any minimum fund balances or specified uses and purposes, all amounts held in the foregoing funds shall be available to pay interest on and Bond Obligation (including Mandatory Sinking Account Payments) of Water Revenue Bonds issued pursuant to Resolution 8329 adopted by the Board on July 9, 1991, as amended and supplemented (the Master Resolution), and Parity Obligations. Capitalized terms not defined in this paragraph shall have the meanings assigned to such terms in the Master Resolution.

Division VI

PERSONNEL MATTERS

Article 3

GENERAL COUNSEL

§ 6433. Authority to Litigate, Compromise and Settle Claims By and Against the District.

(a) Settlement of Claims or Suits Generally. – The General Manager, with the approval of the General Counsel, is authorized to allow, compromise or settle any claim or suit, by or against the District, not provided for elsewhere in this Code if the amount to be paid does not exceed \$125,000. The General Manager or the General Counsel may perform any functions placed on the Board by Part 3 of Division 3.6 of Title 1 of the Government Code. The General Manager, with the approval of the General Counsel, may delegate the authority to settle claims involving payment of an amount not exceeding \$1,000 to an independent contractor.

(b) Settlement of Labor Claims or Suits. – The General Manager, with the approval of the General Counsel, is authorized to compromise and settle any claim brought against the District under Division 4 of the Labor Code and any suit arising out of proceedings against the District under Division 4, provided the amount to be paid pursuant to any such compromise and settlement shall not exceed the sum of \$125,000.

(c) Claims under Capital Construction Contracts. – The General Manager, with the approval of the General Counsel, is authorized to compromise or settle any claim under a capital construction contract if the amount paid under the contract, including change orders, together with the amount payable pursuant to the compromise or settlement, does not exceed the authorized contract maximum.

(de) Authority to Contest Matters by or Before Administrative Agencies. – The General Manager is authorized to initiate a contest of any claim, order, finding or decision made, charge, citation, or penalty assessed or proposed by an administrative agency against the District. The General Counsel is authorized, upon request of the General Manager, to represent the District in such contest and, if he deems it appropriate, to seek review by a court of law; and is further authorized to do all things he deems necessary or proper in the conduct of any such contest or action including, without limitation, to conduct ancillary proceedings, to compromise and settle, to dismiss, or to appeal a decision or judgment rendered in any such contest or action.

(ed) Prosecution of Claims. – The General Manager is authorized to do all things he deems necessary or proper to obtain payment of a claim of the District. For that purpose he may himself, with the approval of the General Counsel, institute an action within the jurisdictional limits of the small claims court and may request the General Counsel, who is hereby authorized to do so, to institute an action in the municipal court, superior court or federal district court to recover damages in any amount arising out of injury to person or property and to institute other actions in which the amount sought to be recovered does not exceed \$125,000. In the case of small claims court actions, the General Manager, with the approval of the General Counsel, may, in connection with any such

action, compromise, settle or dismiss such action, conduct ancillary proceedings, or appeal a judgment rendered in such action. In other actions brought under authority of this Section, the General Counsel, with the approval of the General Manager, may compromise, settle or dismiss such action, conduct ancillary proceedings, or appeal a judgment rendered in such action, provided that the amount to be paid by the District as a result of any compromise or settlement shall not exceed \$125,000.

(fe) Litigation - Leases - Encroachments. – The General Counsel is authorized, upon request of the General Manager, to bring an action to enforce the terms of District written and oral leases or to remove unauthorized encroachments upon District property and he is authorized to do all things he deems necessary or proper in the conduct of any such action including, without limitation, to conduct ancillary proceedings, to settle or dismiss the action, or to appeal a judgment.

(gf) Representation of Employees. – The General Counsel is authorized to represent an employee or former employee of the District who requests a defense by the District in any civil or criminal action or proceeding brought against such employee arising out of an act or omission in the scope of his employment. He may refuse to represent such employee in any civil action for any reason stated in Section 995.2 or Section 995.4 of the Government Code.

(hg) Litigation actions subject to Board Ratification. – Subject to subsequent ratification by the Board, the General Counsel, with the approval of the General Manager, is authorized to initiate litigation or respond to or participate in litigation otherwise requiring Board approval, if circumstances require action by Metropolitan before such Board approval can be obtained. Board ratification of such actions shall be requested at the next regularly scheduled Board meeting. If ratification of any such action is denied, the General Counsel shall take all steps necessary to comply with the Board’s directions regarding the litigation.

Chapter 5

MANAGEMENT AND CONFIDENTIAL EMPLOYEES – GENERAL

Article 1

SALARIES

§ 6500. Hourly Pay Rate Schedule.

(a) The hourly pay rate (as that term is defined in subdivision (i) of Section 6200) schedule of positions occupied by unclassified service employees not in an appropriate unit recognized pursuant to Section 6108 shall be as follows:

<u>Grade</u>	<u>Range</u>	<u>Title</u>
54	\$31.58-\$42.45 (\$65,686-\$88,296)	Staff Assistant to the General Manager Legislative Representative
64	\$41.31-\$55.49 \$85,925-\$115,419	Board Executive Secretary
68	\$46.02-\$61.85 (\$95,722-\$128,648)	Principal Legislative Representative
73	\$52.61-\$70.82 (\$109,429-\$147,306)	Employee Relations Unit Manager

78	\$60.18-\$81.11 (\$125,174-\$168,709)	Human Resources Section Manager Special Project Manager
79	\$61.85-\$83.35 (\$128,648-\$173,368)	Executive Legislative Representative Executive Strategist Assistant Group Manager Assistant General Auditor Deputy General Counsel IV - Labor Executive Assistant
83	\$68.94-\$92.91 (\$143,395-\$193,253)	Group Manager Director of Human Resources Chief Deputy General Counsel - Labor
84	\$70.82-\$95.47 (\$147,306-\$198,578)	Deputy General Manager Assistant General Counsel
91	\$85.64-\$115.41 (\$178,131-\$290,053)	Assistant General Managers Chief Operating Officer Chief Administrative Officer Chief Financial Officer Strategic Water Initiatives

() Shows approximate annual salary range for convenience; Board approved rates are hourly. None of the above positions are eligible for overtime.

(b) Unrepresented employees are eligible to receive a monthly transportation allowance. Transportation allowance amounts are to be administered by the General Manager based on a schedule approved by the Board of Directors.

(c) Unrepresented employees are eligible to participate in a pay-for-performance incentive program promulgated by the General Manager. The Board shall establish the total expenditure for the program.

(d) Unless otherwise directed by the Board, the range of base hourly pay rates for the employees in the positions identified in Section 6500(b) will be adjusted annually to correspond with the annual across-the-board salary adjustment provided to the District's management unit. Actual pay rates for these employees will be based on merit pursuant to employee evaluations.

Division VII

CONFLICTS OF INTEREST AND ETHICS REQUIREMENTS

Article 4

ENFORCEMENT

§ 7140. Violation of Ethics Policy

(d) Violations of the Ethics Policy by officers or employees will be handled through existing disciplinary procedures. An officer or employee who is subject to a finding of non-compliance with the Ethics Policy by the Ethics Officer can challenge such determination pursuant to Section 6218(b) and (c) of the

Administrative Code. Such officer or employee shall be provided a copy of all the material upon which the determination was based, and have the opportunity to present any relevant information, data, or facts in his or her own defense prior to a final determination regarding any discipline for such non-compliance.

Division VIII

CONTRACTS/DISTRICT PROPERTY

Chapter 2

DISTRICT PROPERTY

Article 2

ACQUISITION OF REAL PROPERTY

§ 8221. Authority to Acquire Real Property; Appraisal.

(d) If the General Manager recommends adoption by the Board pursuant to Section 8225 of a resolution of necessity to acquire real property by eminent domain, the General Manager shall first make the offer required by law to purchase the real property. Such offer to purchase shall be made for a price not less than the highest appraised value established by appraisal(s) prepared for, and approved by, the General Manager. equal to the appraised value of the property established by the single appraisal if only one appraisal is obtained, or by either the higher or the lower of the two appraisals if two appraisals are obtained. The appraisal based upon which the offer to purchase is made shall be the approved appraisal of the property.

§ 8223. Payment of Expenses for Acquisitions.

The General Manager is authorized to pay the following expenses, where applicable, connected with the acquisition of real property, provided that such expenses do not exceed not in excess of \$250,000 for each acquisition:

(f) Any cost for an independent appraisal ordered by the property owner up to the amount required by, and in accordance with, the provisions of the Eminent Domain Law.

(fg) Any other expenses required to eliminate or minimize potential risks or liabilities associated with the acquisition of real property.

Division II

**PROCEDURES PERTAINING TO BOARD, COMMITTEES
AND DIRECTORS**

Chapter 1

BOARD OF DIRECTORS

Article 3

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§ 2148. Time limits upon presentations.

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Chapter 7

PERIODIC STAFF REPORTS TO BOARD AND COMMITTEES

Article 1

ANNUAL REPORTS

§ 2700. General Manager's Annual Reports.

The General Manager shall annually make the following reports

(c) To the Executive Committee on the General Manager's Business Plan and goals and objectives as required by Section 6416.

Division III

ANNEXATIONS

Chapter 3

FINANCIAL POLICIES RELATED TO ANNEXATIONS

§ 3301. Taxes for Past Annexations.

(a) Effective with the 1981-82 fiscal year a tax rate of 18.75 cents per \$100 of assessed valuation (to be stated as .1875% for tax levying and collecting purposes) has been established to collect annexation charges from areas annexed to the District after September 13, 1966 and before July 1, 1978 and such rate shall be continued until the annexation charge and interest on unlevied balances thereof have been raised; provided, however, that in an area annexing after August 19, 1976 and before July 1, 1978 such rate shall in no event be levied for any fiscal year following the fiftieth year after the area has been annexed to the District.

(b) Effective with the 1981-82 fiscal year a tax rate of 18.75 cents per \$100 of assessed valuation (to be stated as .1875% for tax levying and collecting purposes) has been established to collect the balance of the annexation charges from areas which annexed to the District prior to September 13, 1966, and such rate shall be continued until said balance of the annexation charges and interest on unlevied balances thereof have been raised.

(c) If for any reason (due to adoption in this State of tax limitation Constitutional initiatives, legislation or otherwise), any or all of the District's taxes to raise the minimum annexation charge are unable to be levied, then the Board shall have the option to collect such charge, or unlevied balances thereof, with interest at 5 percent per annum, within said area through any lawful means now, or to become, available to the District.

Division V

FINANCIAL MATTERS

Chapter		Sec.
1	Administrative Matters	5100
2	Financial Policies	5200
3	Short-Term Certificates	5300

Chapter 2

FINANCIAL POLICIES

Sec.	
5200.	Funds Established
5201.	Restricted Funds
5202.	Fund Parameters
5203.	Indirect Credit of District
5204.	Compliance with Fund Requirements and Bond Indenture Provisions

§ 5202. Fund Parameters.

The minimum cash and securities to be held in the various ledger funds as of June 30 of each year shall be as follows:

(a) For the Revenue Remainder Fund cash and securities on hand of June 30 of each year shall be equal to the portion of fixed costs of the District estimated to be recovered by water sales revenues for the eighteen months beginning with the immediately succeeding July. Such funds are to be used in the event that revenues are insufficient to pay the costs of the District.

(b) For the Replacement and Refurbishment Fund, any unexpended monies shall remain in the Fund for purposes defined in Section 5109, or as otherwise determined by the Board. The end-of-year fund balance may not exceed \$95 million. Available monies in excess of \$95 million at June 30 shall be transferred to the Water Rate Stabilization Fund, unless otherwise determined by the Board.

(c) Amounts remaining in the Revenue Remainder on June 30 of each year after meeting the requirements set forth in Section 5202(a) shall be transferred to the Water Rate Stabilization Fund and to the extent required under Section 5202(d), to the Water Treatment Surcharge Stabilization Fund.

(d) After making the transfer of funds as set forth in Section 5202(c), a determination shall be made to substantially identify the portion, if any, of such transferred funds attributable to collections of treatment surcharge revenue in excess of water treatment cost and to collections of water stewardship rate revenue in excess of costs of the Conservation Credits Program, Local Resources Program seawater desalination and similar demand management programs, including the departmental operations and maintenance costs of administering these programs. Such funds shall be transferred to the Water Treatment Surcharge Stabilization Fund and the Water Stewardship Fund, respectively, to be available for the principal purpose of mitigating required increases in the treatment surcharge and water stewardship rates. If such determination indicates a deficiency in treatment surcharge or water stewardship rate revenue occurred during the fiscal year, a transfer of funds shall be made from the Water Treatment Surcharge Stabilization Fund or the Water Stewardship Fund, as needed and appropriate, to reimburse funds used for the deficiency. Notwithstanding the principal purpose of the Water Treatment Surcharge Stabilization Fund and the Water Stewardship Fund, amounts assigned to these fund shall be available for any other lawful purpose of the District.

(e) Amounts in the Water Rate Stabilization Fund shall be held for the principal purpose of maintaining stable and predictable water rates and charges. The amount to be held in the Water Rate Stabilization fund shall be targeted to be equal to the portion of the fixed costs of the District estimated to be recovered by water sales revenues during the two years immediately following the eighteen-month period referenced in Section 5202(a). Funds in excess of such targeted amount shall be utilized for capital expenditures of the District in lieu of the issuance of additional debt, or for the redemption, defeasance or purchase of outstanding bonds or commercial paper of the District as determined by the Board. Provided that the District's fixed charge coverage ratio is at or above 1.2 amounts in the Water Rate Stabilization Fund may be expended for any lawful purpose of the District, as determined by the Board of Directors, provided that any funds distributed to member agencies shall be allocated on the basis of all water sales during the previous fiscal year, such sales to include sales under the Interim Agricultural Water Program, Replenishment Service Program and all Full Service water sales.

Notwithstanding the fund parameters set forth in this Section 5202, including, but not limited to, any minimum fund balances or specified uses and purposes, all amounts held in the foregoing funds shall be available to pay interest on and Bond Obligation (including Mandatory Sinking Account Payments) of Water Revenue Bonds issued pursuant to Resolution 8329 adopted by the Board on July 9, 1991, as amended and supplemented (the Master Resolution), and Parity Obligations. Capitalized terms not defined in this paragraph shall have the meanings assigned to such terms in the Master Resolution.

Division VI**PERSONNEL MATTERS****Article 3****GENERAL COUNSEL****§ 6433. Authority to Litigate, Compromise and Settle Claims By and Against the District.**

(a) Settlement of Claims or Suits Generally. – The General Manager, with the approval of the General Counsel, is authorized to allow, compromise or settle any claim or suit, by or against the District, not provided for elsewhere in this Code if the amount to be paid does not exceed \$125,000. The General Manager or the General Counsel may perform any functions placed on the Board by Part 3 of Division 3.6 of Title 1 of the Government Code. The General Manager, with the approval of the General Counsel, may delegate the authority to settle claims involving payment of an amount not exceeding \$1,000 to an independent contractor.

(b) Settlement of Labor Claims or Suits. – The General Manager, with the approval of the General Counsel, is authorized to compromise and settle any claim brought against the District under Division 4 of the Labor Code and any suit arising out of proceedings against the District under Division 4, provided the amount to be paid pursuant to any such compromise and settlement shall not exceed the sum of \$125,000.

(c) Claims under Capital Construction Contracts. – The General Manager, with the approval of the General Counsel, is authorized to compromise or settle any claim under a capital construction contract if the amount paid under the contract, including change orders, together with the amount payable pursuant to the compromise or settlement, does not exceed the authorized contract maximum.

(d) Authority to Contest Matters by or Before Administrative Agencies. – The General Manager is authorized to initiate a contest of any claim, order, finding or decision made, charge, citation, or penalty assessed or proposed by an administrative agency against the District. The General Counsel is authorized, upon request of the General Manager, to represent the District in such contest and, if he deems it appropriate, to seek review by a court of law; and is further authorized to do all things he deems necessary or proper in the conduct of any such contest or action including, without limitation, to conduct ancillary proceedings, to compromise and settle, to dismiss, or to appeal a decision or judgment rendered in any such contest or action.

(e) Prosecution of Claims. – The General Manager is authorized to do all things he deems necessary or proper to obtain payment of a claim of the District. For that purpose he may himself, with the approval of the General Counsel, institute an action within the jurisdictional limits of the small claims court and may request the General Counsel, who is hereby authorized to do so, to institute an action in the municipal court, superior court or federal district court to recover damages in any amount arising out of injury to person or property and to institute other actions in which the amount sought to be recovered does not exceed \$125,000. In the case of small claims court actions, the General Manager, with the approval of the General Counsel, may, in connection with any such action, compromise, settle or dismiss such action, conduct ancillary proceedings, or appeal a judgment rendered in such action. In other actions brought under authority of this Section, the General Counsel, with the approval of the General Manager, may compromise, settle or dismiss such action, conduct ancillary proceedings, or appeal a judgment rendered in such action, provided that the amount to be paid by the District as a result of any compromise or settlement shall not exceed \$125,000.

(f) Litigation - Leases - Encroachments. – The General Counsel is authorized, upon request of the General Manager, to bring an action to enforce the terms of District written and oral leases or to remove unauthorized encroachments upon District property and he is authorized to do all things he deems necessary or proper in the conduct of any such action including, without limitation, to conduct ancillary proceedings, to settle or dismiss the action, or to appeal a judgment.

(g) Representation of Employees. – The General Counsel is authorized to represent an employee or former employee of the District who requests a defense by the District in any civil or criminal action or proceeding brought against such employee arising out of an act or omission in the scope of his employment. He may refuse to represent such employee in any civil action for any reason stated in Section 995.2 or Section 995.4 of the Government Code.

(h) Litigation actions subject to Board Ratification. – Subject to subsequent ratification by the Board, the General Counsel, with the approval of the General Manager, is authorized to initiate litigation or respond to or participate in litigation otherwise requiring Board approval, if circumstances require action by Metropolitan before such Board approval can be obtained. Board ratification of such actions shall be requested at the next regularly scheduled Board meeting. If ratification of any such action is denied, the General Counsel shall take all steps necessary to comply with the Board's directions regarding the litigation.

Chapter 5

MANAGEMENT AND CONFIDENTIAL EMPLOYEES – GENERAL

Article 1

SALARIES

§ 6500. Hourly Pay Rate Schedule.

(a) The hourly pay rate (as that term is defined in subdivision (i) of Section 6200) schedule of positions occupied by unclassified service employees not in an appropriate unit recognized pursuant to Section 6108 shall be as follows:

<u>Grade</u>	<u>Range</u>	<u>Title</u>
54	\$31.58-\$42.45 (\$65,686-\$88,296)	Staff Assistant to the General Manager Legislative Representative
64	\$41.31-\$55.49 \$85,925-\$115,419	Board Executive Secretary
68	\$46.02-\$61.85 (\$95,722-\$128,648)	Principal Legislative Representative
73	\$52.61-\$70.82 (\$109,429-\$147,306)	Employee Relations Unit Manager
78	\$60.18-\$81.11 (\$125,174-\$168,709)	Special Project Manager
79	\$61.85-\$83.35 (\$128,648-\$173,368)	Executive Legislative Representative Executive Strategist Assistant Group Manager Assistant General Auditor Executive Assistant
83	\$68.94-\$92.91 (\$143,395-\$193,253)	Group Manager Director of Human Resources Chief Deputy General Counsel - Labor

84	\$70.82-\$95.47 (\$147,306-\$198,578)	Deputy General Manager Assistant General Counsel
91	\$85.64-\$115.41 (\$178,131-\$290,053)	Assistant General Managers Chief Operating Officer Chief Administrative Officer Chief Financial Officer Strategic Water Initiatives

() Shows approximate annual salary range for convenience; Board approved rates are hourly. None of the above positions are eligible for overtime.

(b) Unrepresented employees are eligible to receive a monthly transportation allowance. Transportation allowance amounts are to be administered by the General Manager based on a schedule approved by the Board of Directors.

(c) Unrepresented employees are eligible to participate in a pay-for-performance incentive program promulgated by the General Manager. The Board shall establish the total expenditure for the program.

(d) Unless otherwise directed by the Board, the range of base hourly pay rates for the employees in the positions identified in Section 6500(b) will be adjusted annually to correspond with the annual across-the-board salary adjustment provided to the District's management unit. Actual pay rates for these employees will be based on merit pursuant to employee evaluations.

Division VII

CONFLICTS OF INTEREST AND ETHICS REQUIREMENTS

Article 4

ENFORCEMENT

§ 7140. Violation of Ethics Policy

(d) Violations of the Ethics Policy by officers or employees will be handled through existing disciplinary procedures. An officer or employee who is subject to a finding of non-compliance with the Ethics Policy by the Ethics Officer can challenge such determination pursuant to Section 6218(b) and (c) of the Administrative Code. Such officer or employee shall be provided a copy of all the material upon which the determination was based, and have the opportunity to present any relevant information, data, or facts in his or her own defense prior to a final determination regarding any discipline for such non-compliance.

Division VIII

CONTRACTS/DISTRICT PROPERTY

Chapter 2

DISTRICT PROPERTY

Article 2

ACQUISITION OF REAL PROPERTY

§ 8221. Authority to Acquire Real Property; Appraisal.

(d) If the General Manager recommends adoption by the Board pursuant to Section 8225 of a resolution of necessity to acquire real property by eminent domain, the General Manager shall first make the offer required by law to purchase the real property. Such offer to purchase shall be made for a price not less than the highest appraised value established by appraisal(s) prepared for, and approved by, the General Manager.

§ 8223. Payment of Expenses for Acquisitions.

The General Manager is authorized to pay the following expenses, where applicable, connected with the acquisition of real property, provided that such expenses do not exceed \$250,000 for each acquisition:

(f) Any cost for an independent appraisal ordered by the property owner up to the amount required by, and in accordance with, the provisions of the Eminent Domain Law.

(g) Any other expenses required to eliminate or minimize potential risks or liabilities associated with the acquisition of real property.