Monthly Report to Board of Directors
Metropolitan Water District of Southern California
Office of Ethics
November 2014

Ethics in the Pipeline

Gifts: Limits, Reporting, and Disqualification

During the holiday season, government officials may receive gifts from outside business entities that work with an agency. The outside entity might be a contractor or a company that attends conferences or professional events with agency officials. Metropolitan's directors and employees are subject to internal ethics rules and state laws concerning gifts. In general, these rules fall into three categories: gift limits, reporting requirements, and participation disqualification.

Gift limits

Metropolitan officials, including directors, cannot accept gifts from any single source if the total value received in a calendar year exceeds $440. In some cases, a gift to an official's spouse or children counts as a gift to the official for purposes of gift limit laws and rules. There are many exceptions to this provision, including: returning the gift or donating it to charity within 30 days; home hospitality; and reciprocal exchanges of holiday or birthday gifts with immediate family and others with whom the official has a close personal relationship.

Gift reporting

Gifts valued at $50 or more from a reportable source in a calendar year must be listed on the next Statement of Economic Interests (Form 700). The threshold for the reporting amount is based on the cumulative value of gifts from a single source received within a calendar year so it would apply regardless of whether the source gave a single gift of $50 or more or multiple gifts totaling that value.

AB 1234 training at the November BOD meeting

Decision disqualification

If an official receives gifts valued at $440 or more from a single source over the 12-month period prior to the time the source has a matter pending before the official's agency, then he or she cannot participate in any official decisions that would have a foreseeable and material financial effect on the source. If such a disqualification occurs for a director, he or she must disclose the conflicting interest on the record during

the board or committee meeting at which the matter is presented, step out of the meeting room during consideration of the matter, and refrain from participating in the consideration of the matter including voting.

It is possible to have a disqualifying interest without violating the gift limit. For example, suppose a director receives $300 in gifts in December and $300 in gifts the following January from the same donor. Technically, there is no gift limit violation, because the total value was less than $440 in any single calendar year. The gifts must be reported, however, on the director's Form 700 for both years. Also, if a matter involving the donor comes before the Board of Directors within the next 12 months, the director is disqualified from participating in the decision. He or she must disclose the conflict on the record at the meeting, leave the meeting room, and avoid any discussions about the matter.

In light of the restrictions, particularly the relatively low monetary amounts that can trigger them, it is important to remain vigilant about maintaining records and proactively seeking information about the fair market value of anything you receive – including admission to events – that is even tangentially related to your official duties. The Ethics Office is always available to assist with gift-related and similar issues. Please contact us if you have any questions about these matters.

And Happy Holidays!

Monthly Activities

In November 2014, the Ethics Office:

- Conducted ethics orientations for nine new employees.
- Conducted AB1234 training for Directors
- Received 742 hits on its website.
- Ethics Educator visited Iron mountain and Gene Camp November 4 and 5, respectively.

Advice

The Ethics Office (Office) provides advice to any director, officer, employee, or contractor regarding compliance with any of Metropolitan's ethics rules or policies. Absent unusual circumstances, the Office gives its advice in writing. The Office can provide advice only about events that might happen in the future. If a request for advice concerns past conduct, the Office may treat the matter as a complaint.

In November 2014, the Office provided advice regarding:

- Gifts received at conferences
- Potential conflicts of interests in contracting
- Conflicts regarding prior employment
- Revolving Door restrictions

Specific Matters Submitted FY 2014/15

	FY 13/14	Jul 2014	Aug 2014	Sept 2014	Oct 2014	Nov 2014	Dec 2014	Jan 2015	Feb 2015	Mar 2015	Apr 2015	May 2015	June 2015	FY 14/15
Ethics Complaints														
Conflict of Interest	1			1										1
Customer Relations	4		1											1
Discrimination	2	1				2								3
Employee Relations	12	1	1		1									3
Falsification of Records														
Favoritism	2					3(P)								3
Misuse of Resources	5	1												1
Misuse of Position	3	1			2(P)	1								4
Nepotism	2													
Policy Issues	3			2										2
Product Quality														
Retaliation	4			1 1(P)	1(P)									3
Safety														
Sexual Harassment	2													
Theft of Time	2													
Theft of Goods	1					1								1
Wage/Hour														
Total Complaints	**43**	**4**	**2**	**5**	**4**	**7**								**22**
Ethics Advice														
Conflicts of Interest	22	2	1(P)		1(P)	1 5(P)								10
Contractor Relations														
Customer Relations	3				2									2
Discounts				1										1
Employee Relations	1													
Gifts	18		2	2	1	3								8
Honorarium														
Misuse of Funds														
Misuse of Resources	1			1(P)										1
Nepotism	1													
Outside Employment	1		1(P)	1										2
Policy Issues	10				1(P)									1
Theft of Time														
Wage/Hour	1													
Total Questions	**58**	**2**	**4**	**5**	**5**	**9**								**25**
Combined Total	**101**	**6**	**6**	**10**	**9**	**16**								**47**