MONTHLY REPORT TO BOARD OF DIRECTORS

Metropolitan Water District of Southern California
Office of Ethics
April 2015

FPPC TO CONSIDER NEW CONFLICT DISCLOSURE RULES

At its May 21, 2015 meeting the Fair Political Practices Commission (FPPC) is scheduled to consider more specific requirements about disclosure of conflicts of interest and recusal at public meetings.

Existing regulations and Metropolitan's Administrative Code require directors with a conflict of interest in a board matter to take the following actions when the matter comes before the Board:

1. Publicly identify the financial interest that gives rise to the conflict "in detail sufficient to be understood by the public."
2. Recuse from discussing or voting on the matter.
3. Leave the meeting room until the matter is over (not required for matters on consent). (Admin. Code section 7120.)

The proposed FPPC regulations add details about the timing and manner of this process at public meetings:

TIMING AND MANNER OF DISCLOSURE AT PUBLIC MEETINGS

1. Disclosure of the conflict must happen at the time the agenda item is called.
2. The official must make the announcement verbally for the record. It is not permissible to disclose the conflict in writing or through a proxy.
3. After making the disclosure, the official must leave the meeting room until the next agenda item is called. The official cannot be counted toward a quorum while the item is discussed.

CONTENT OF DISCLOSURE

When an official makes a conflict disclosure, he or she must include the following details in the public announcement by type of interest:

1. Investment: business entity name.
2. Business position: name and nature of business entity.
3. Real estate: address, parcel number, or other location. Not required for personal residence.
4. Income: name of source.
5. Gift: donor name.
6. Personal financial effects: the specific expense, liability, asset, or income affected by the decision.

CONSENT CALENDAR

For consent calendar items, the official need not leave the meeting room. He or she still must identify the nature of the conflict on the record.

CLOSED SESSIONS

For closed session items, the official must make the disclosure statement in open session. The official must only state that he or she has a financial conflict of interest in the matter; the official does not have to name or identify the nature of the conflicting financial interest as required for open session matters.

ABSENCE

If the official is absent when the agenda item involving a conflict is considered, there are no public identification duties on the public official for that item at that meeting.

SPEAKING AS MEMBER OF PUBLIC

Even if the public official has a personal financial interest in a matter on the agenda, he or she is entitled to speak about the matter as a member of the public during public comment. The official must make the same detailed disclosure of the conflict during the public comments. However, the official then is allowed to listen to the consideration of the matter sitting with the general public; he or she need not leave the meeting room.

BEST PRACTICES

It is important for directors to remember that they have to abide by each of these steps if they have a conflict. Simply abstaining from a vote, without a detailed disclosure on the record, will not prevent an inadvertent violation. The FPPC regularly issues warning letters and other enforcement actions against local elected officials who abstained from a vote on conflict grounds but did not identify necessary details on the record.

Whenever a director has concerns there might be a conflict of interest in any particular matter, it is advisable to discuss the matter in detail with the Ethics Officer, General Counsel, or both.

MONTHLY ADVICE AND REQUESTS FOR ASSISTANCE

The Ethics Office will provide advice, counseling, or other assistance to any director, officer, employee, or contractor regarding application or interpretation of Metropolitan's ethics rules or policies. Absent unusual circumstances, the Office gives its advice in writing.

The Office can provide advice only prospectively, i.e., about future activities. If it becomes apparent that a request for advice or other assistance concerns events that have already occurred, it might be necessary to review the matter as a potential violation.

In April 2015, the Office provided analysis and advice regarding:

- Avoiding potential conflicts on consulting firm selection panels.
- The "effects on public generally" rule for avoiding a conflict of interest.
- How to respond when vendors offer nominal gifts to staff.
- Economic disclosure (i.e., Form 700 requirements).
- Limits on outside employment for current employees.
- Post-service restrictions (i.e., *revolving door* limitations).
- Electronic filing of Form 700s and multi-jurisdiction filers.

Matters Addressed FY 2014/15

	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													
Abuse of Authority	2			2(P)	3 2(P)	2	1						12
Campaign Contributions													
Conflict of Interest										1(P)			1
Economic Disclosure													
Gifts													
Misleading Associations													
Nepotism													
Outside Employment													
Outside Scope of Ethics Office	2	2	3	2	1	2	2	2	2	2(P) 1			21
Revolving Door													
Whistleblower Protection			1 1(P)	1(P)									3
Total Complaints	**4**	**2**	**5**	**5**	**6**	**4**	**3**	**2**	**2**	**4**			**37**
Ethics Advice													
Abuse of Authority			1(P)			1(P)		1					3
Campaign Contributions								1 1(P)					2
Conflicts of Interest	2	1(P)		1(P)	2 2(P)		1	1 1(P)		4 1(P)			16
Economic Disclosure								1 1(P)	12 1(P)	1			15
Gifts		2	3	1 1(P)	2	1(P)	1 1(P)	2	8	1			23
Misleading Associations													
Nepotism													
Outside Employment		1(P)	1				1(P)	1					4
Outside Scope of Ethics Office				2				1					3
Revolving Door								3	1	3(P)			7
Whistleblower Protection													
Total Questions	**2**	**4**	**5**	**5**	**6**	**2**	**4**	**14**	**22**	**10**			**74**
Combined Total	**6**	**6**	**10**	**10**	**12**	**6**	**7**	**16**	**24**	**14**			**111**