



MONTHLY REPORT TO BOARD OF DIRECTORS

Metropolitan Water District of Southern California
Office of Ethics
August 2015

LEGISLATURE APPROVES CHANGES TO CONFLICT OF INTEREST THRESHOLDS AND REPORTING ON RECUSALS

On September 10, 2015 the Legislature adopted Assembly Bill 10. The legislation raises dollar thresholds for disqualifying conflicts of interest under the Political Reform Act (PRA). It also requires public officials to report all required conflict of interest recusals on their annual Statements of Economic Interests (Form 700). The bill passed both houses unanimously with no reported opposition.

The major provisions of AB 10 include:

- Increases the thresholds at which a public official's financial interest can potentially trigger disqualification and recusal under the PRA, as follows:
 - For real property, the threshold increases from \$2000 to \$10,000.
 - For sources of income (not including gifts), the threshold increases from \$500 to \$1000.
 - For investments in a business entity, the threshold increases from \$2000 to \$5000.
- Changes the monetary ranges on Form 700 describing the value of investments, real property, and income.
- Requires more detailed description on Form 700 of business entity activities, including identification of business partners, when a business entity is a source of income, or when the public official is reporting an investment and is a director, officer, partner, or trustee of the entity.
- For public officials filing Form 700 directly with the Fair Political Practices Commission (such as Metropolitan directors), requires each official to disclose on Form 700 each governmental decision for which a disqualifying conflict of interest precluded his or her participation (i.e., recusal).



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 August 2015, the Office provided analysis and advice in the following areas:

- Outside consulting employment by employees when work related to unique expertise and unrelated to Metropolitan activities.
- How to respond to invitations from potential vendors for complimentary meals at conferences.
- Timing inspection trip participation by city council members to avoid quorum and potential Brown Act violation.
- Options for avoiding conflicts of interest in budget discussions; FPPC regulations on segmentation of decision-making to avoid conflict.

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Matters Addressed FY 2015/16

	FY 14/15	Jul 2015	Aug 2015	Sept 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	June 2016	FY 15/16
<u>Ethics Complaints</u>														
Abuse of Authority	14	1	1(P) 1											3
Campaign Contributions														
Conflict of Interest	1													
Economic Disclosure														
Gifts														
Misleading Associations														
Nepotism														
Outside Employment														
Outside Scope of Ethics Office	21													
Revolving Door														
Whistleblower Protection	3													
Total Complaints	39	1	2											3
<u>Ethics Advice</u>														
Abuse of Authority	3	2												2
Campaign Contributions	2													
Conflicts of Interest	19	1	1(P) 1											3
Economic Disclosure	16													
Gifts	25		1											1
Misleading Associations														
Nepotism														
Outside Employment	4		1(P)											1
Outside Scope of Ethics Office	3													
Revolving Door	8	3												3
Whistleblower Protection														
Total Questions	80	6	4											10
Combined Total	119	7	6											13