



● **Board of Directors**
Legal and Claims Committee

6/14/2016 Board Meeting

7-4

Subject

Approve amendments to the Metropolitan Water District Administrative Code to conform to current laws, practices and regulations

Executive Summary

Proposed amendments to the Administrative Code would update the Code so that the Code conforms to current laws, practices and regulations. The proposed changes update provisions on committee reviews of the business plans of department heads and delete outdated references concerning the start of the fiscal year, amend inspection trip provisions to correct inconsistencies in the language and conform to reflect current inspection trip operations, update financial provisions on Metropolitan funds, restricted funds and fund parameters, update the hourly pay rate schedule for unclassified service employees and correct inconsistencies in the provisions for the debarment of contractors.

Details

This letter proposes amendments to Metropolitan's Administrative Code to reflect changes in Metropolitan's practices, policies and requirements, to conform the Code to current law, to conform the Code to pertinent regulations, and to provide consistency with Administrative Code sections previously enacted or amended. 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 Administrative Code is proposed to be amended as follows:

1. Section 2400 on the identification of standing committees is amended to correctly refer to the Communications and Legislation Committee.
2. Sections 2451(i), 2501(b)(2), and 2501(b)(3) concerning the annual committee reviews of the business plans of the General Counsel, Auditor, and Ethics Officer are amended to delete references to the start of the fiscal year.
3. Sections 2610 through 2617 on inspection trips and responsibilities of new directors are amended to correct inconsistencies in the language and update the provisions to conform to the current operation of the inspection trip program and current policies for this program.
4. Sections 5114, 5200(e), 5201, and 5202(e) concerning funds, restricted funds and fund parameters for Metropolitan finances are amended to conform to current practice and to reflect the adoption of Metropolitan's Master Subordinate Resolution and the Short Term Certificates Resolution.
5. Section 6500 on the hourly pay rate schedule for unclassified service employees is updated to reflect the current salary ranges for affected employees. This salary schedule is updated pursuant to Section 6500(d), which provides that the range of base hourly pay rates for unrepresented employees will be adjusted annually to correspond with the annual across-the-board salary adjustment provided to the District's management units, unless otherwise directed by the Board, and is consistent with the salary

schedule provided to the Public Employees Retirement system approved by the Board at its May 2016 meeting. Actual pay rates for these employees will be based on merit pursuant to employee evaluations.

6. Section 8173(f) regarding the procedure for the debarment of contractors is amended to correct inconsistencies in the use of the defined terms of contractor and respondent.

Policy

Metropolitan Water District Administrative Code Section 2451(g): Duties and Functions [Legal and Claims Committee]

Metropolitan Water District Administrative Code Section 6500(d): Hourly Pay Rate Schedule

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

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, 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 defined as a project and is not subject to CEQA pursuant to Sections 15378(b)(2) and 15061(b)(3) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, 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 the Administrative Code to current laws, regulations and procedures

Option #2

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and

Approve amendments to the Administrative Code set forth in [Attachment 2](#) to reflect the changes recommended in this letter as modified by the changes proposed by the Board.

Fiscal Impact: None

Business Analysis: To conform the Administrative Code to current laws, regulations and procedures

Staff Recommendation

Option #1



Marcia L. Scully
General Counsel

5/31/2016
Date



Jeffrey Kightlinger
General Manager

6/1/2016
Date

**Attachment 1 – The Administrative Code of The Metropolitan Water District of Southern California
(with changes marked)**

**Attachment 2 – The Administrative Code of The Metropolitan Water District of Southern
California (clean version)**

Ref# I12643609

Division II

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

§ 2400. Identification of Standing Committees.

The Standing Committees of the Board of Directors are:

- Executive Committee
- Engineering and Operations Committee
- Finance and Insurance Committee
- Legal and Claims Committee
- Water Planning and Stewardship Committee
- Communications and Legislation Committee
- Organization, Personnel and Technology Committee
- Real Property and Asset Management Committee

§ 2451. Duties and Functions. [Legal and Claims Committee]

...

(i) The Legal and Claims Committee shall be responsible for reviewing and approving the business plan containing the key priorities for the coming year of the General Counsel and the Legal Department. It shall review and approve the business plan ~~at the start of each fiscal year~~ in advance of the July Board meeting.

§ 2501. Audit and Ethics Special Committee.

...

(b) Duties and Functions

...

(2) The Audit and Ethics Special Committee shall be responsible for monitoring and overseeing the duties and responsibilities of the Audit Department and the external auditors as those duties and responsibilities relate to the effectiveness of the District's internal control system. It shall review and approve the business plan containing the key priorities for the coming year of the General Auditor and the Audit Department ~~at the start of each fiscal year~~ in advance of the July Board meeting.

(3) The Audit and Ethics Special Committee shall be responsible for reviewing and approving the business plan containing the key priorities for the coming year for the Ethics

Office. It shall review and approve the business plan ~~at the start of each fiscal year~~ in advance of the July Board meeting.

Chapter 6

DIRECTORS

Article 2

INSPECTION TRIPS

§ 2610. Authorization.

During each fiscal year (July 1 to June 30) each of the District's directors may sponsor ~~field~~ inspection trips of District and related facilities for the purpose of providing leading citizens and other interested persons, preferably from the agency represented by the director, with firsthand knowledge of the District's operations, as follows:

Either (A) one two-day ~~trip~~ or one three-day trip over the Colorado River Aqueduct System under Section 2611 and one one-day trip under Section 2613, or (B) ~~three~~ four one-day trips ~~over local State Water Project and District facilities and one one-day trip~~ under Section 2613.

§ 2611. Colorado River Aqueduct System.

(a) The District will provide at its expense transportation, meals, ~~and~~ lodging and related incidental expenses for inspection trips over the Colorado River Aqueduct System. ~~and the District areas served by the aqueduct.~~

~~(b) A visit to Hoover Dam may be incorporated into the trip with Board Chair approval. Directors must submit a written request to the Board Chair in conformance with Section 2614.~~

~~(bc) Ground Transportation is to be provided by a chartered bus or by the District.~~

~~(d) The trip will include a stopover at the Gene Facilities for either one night or two successive nights. Transportation is to be provided by a chartered bus or the District. Lodging is to be provided at the E. Thornton Ibbetson Guest Quarters and meals and incidental expenses for members of the party are to be provided both en route and at the Gene Facilities.~~

~~(e) Lodging at District expense on Colorado River Aqueduct System trips is to be confined to lodging at the E. Thornton Ibbetson Guest Quarters except in the event of lack of accommodations at the guest quarters.~~

§ 2612. State Water Project.

(a) A two-day or a three-day inspection trip over State Water Project facilities is available upon written request to the Board Chair indicating the reason for the proposed trip and a participants list in conformance with Section 2614. The Chair must approve each trip.

(b) Transportation, meals, ~~and~~ lodging and related incidental expenses for the ~~three-day~~ trips will be provided by the District at its expense. District facilities should be used whenever possible. If hotel or motel Lodging accommodations are required, will be provided at moderately priced hotels with double occupancy, double rooms shall be provided.

~~(c) When air travel is used, the District will pay the cost of air travel accident insurance in the amount of \$50,000 for each guest and the incidental expenses of the guests.~~

§ 2613. One-Day Inspection Trips.

The District will provide at its expense transportation, meals and related incidental expenses a chartered bus or District transportation for inspection trips of District and State Water Project facilities within Southern California. Transportation is to be provided by a chartered bus or by the District. In addition, ~~†~~The District will provide at its expense normal meals that occur during the inspection trip, and will pay the incidental expenses of the guests.

§ 2614. Alternative Inspection Trips.

When in the best interests of the District, the ~~Office of the Board District~~ may organize provide alternative inspection trips to inform directors and invited guests on facilities and water management issues. The Board Chair shall approve any alternative inspection trip before it may be made available to directors. An approved alternative inspection trip may be substituted by a director for a regular inspection trip from Section 2611 to 2613 of the Administrative Code; however, the same provisions of Section 2610 shall apply. Any alternative inspection trip will be designated, in the approval, as to the type of regular inspection trip for which it may be substituted.

§ 2615. General Provisions.

(a) The purpose of these inspection trips is to educate and inform disseminate District information; provide elected and appointed officials, members of the business and environmental communities, members of the media, and other leading citizens and interested persons from each member public agency about Metropolitan and Southern California's water resources and water infrastructure. This will be accomplished through ~~with~~ visual inspection of District and related facilities and presentations and discussions on water issues; and acquaint them with issues facing the water industry and the District's operations, programs, and objectives, both present and future. Each director shall be responsible for the individual selection of guests, the choice of inspection trip and the inspection trip dates.

(b) It is each director's obligation to periodically sponsor inspection trips. Each director shall be responsible for the individual selection of guests, the choice of inspection trip and the inspection trip dates.

(c) Inspection trip guests should be selected from within the area of the public agency represented by the sponsoring director. Each director should select guests who occupy positions of leadership in their communities and other interested persons as described in subsection (a) above. The sponsoring director may be accompanied by one family member (~~including spouse or significant other~~). No ~~minor children person under the age of 18~~ shall be permitted to attend. ~~If space is available, additional family members may accompany the director with the approval by the Chairman of the Board in writing in advance of the inspection trip.~~

(d) Directors may co-sponsor a trip with another director to maximize resources and serve the best interest of the District.

(e) Directors shall accompany their guests on inspection trips they sponsor except in cases of illness, emergency or other exceptional circumstances, and shall accompany them throughout all portions of the trip. In the event that a sponsoring director is not available, another director from the district or an approved director designee from a member agency must accompany the trip if cancellation is not feasible.

(f) The number of ~~invited~~ guests on any two- or three-day District inspection trips should be approximately 36. Directors are encouraged to have a standby list of up to six guests available in the event of cancellations.

(g) Payment of District expense for transportation and meals on any inspection trip is limited to the normal travel routes to and from District facilities.

(h) ~~If the director sponsoring the trip so desires, a reasonable amount of time will be set aside. Directors are encouraged to arrange for a member agency presentation that is relevant to the trip being conducted. during the inspection trip for a discussion of the water problems of the member public agency as they relate to the District.~~ Reasonable distribution of written material concerning the member public agency ~~also~~ will be permitted.

(i) Itineraries, transportation, lodging and meals for District inspection trips shall be standardized to the extent possible in order to minimize costs. Variations from standard itineraries to accommodate special conditions may be authorized by the Chair.

~~(j) Directors are urged to consider scheduling their Colorado River Aqueduct inspection trips for Thursday, Friday and Saturday or Saturday, Sunday, and Monday rather than Friday, Saturday, and Sunday in order to allow two trips to be conducted over the same weekend and, thus, accommodate more directors' requests for preferred month dates.~~

(k) Trip groups numbering ten or less may be required to share the E. Thornton Ibbetson Guest Quarters ~~guest quarters at Gene Field Headquarters~~ with another group or groups.

~~(kl) The Office of the Board will not accept r~~Reservations requests for inspection trips ~~prior to April 1~~ for the following fiscal year will be accepted beginning April 1.

~~(lm)~~ Inspection trip dates are assigned on a date/time-request-received basis. Scheduling conflicts will be resolved by consultation with affected directors. Any unresolved scheduling conflicts shall be referred to the Chair.

~~(mn)~~ In the event a director is unable to schedule a trip because of lack of an open date for a requested reservation, the director's request will receive ~~when he/she submits his/her reservation, he/she shall be accorded~~ priority the next fiscal year.

~~(ne)~~ Alcoholic beverages will not be provided at District expense. Directors shall assume the sole responsibility for the purchase, costs and use of any alcoholic beverages during an inspection trip. Staff shall not purchase or serve alcoholic beverages during an inspection trip.

~~(op)~~ Directors sponsoring inspection trips are responsible for the conduct and behavior of all guests attending an inspection trip. Upon being informed, or otherwise becoming aware of, any improper behavior or activity, the sponsoring Director shall take appropriate measures, in coordination with Metropolitan tour staff, to address such behavior or activity, up to and including removal of any person or persons from the inspection trip. Directors or guests observing any action or event that is inappropriate shall report such activity as soon as possible to the District tour staff or supervising Director, or after the tour is concluded, to the Board Chair, for appropriate action. District staff observing an action or event that is inappropriate shall report such activity as soon as possible to their immediate supervisor and/or to the Inspection Trip Program Manager ~~Chief Administrative Officer or Chair~~ for appropriate action.

~~(pq)~~ Tipping of District employees, is strictly prohibited and any employee accepting a gratuity is subject to dismissal. The District staff representative on the trip will handle the tip for the bus driver and any other tips which are appropriate.

~~(qr)~~ The District will pay all necessary expenses incurred during an inspection trip.

~~(rs)~~ As a security measure, the sponsoring Director shall submit a manifest of all guests to the District in advance of the inspection trip. In an emergency situation, the District may interrupt and/or cancel any inspection trip in accordance with District security policy, ~~which shall include closure of all Metropolitan facilities to visitors.~~

~~(st)~~ Directors within the same member public agency may transfer inspection trips among themselves if the transfer is in the best interests of the District. Acceptance of an inspection trip sponsored by another director shall not affect a director's right to sponsor an inspection trip under the other provisions of this chapter. Directors of one public agency may not transfer their inspection trips to directors of another public agency except for reasons stated in paragraph (e) above.

Article 3

RESPONSIBILITIES OF NEW DIRECTORS

§ 2616. Obligations.

(a) It is the obligation of new members of the Board of Directors to participate in orientation and training.

~~(a) New director inspection trips of the Colorado River Aqueduct and Diamond Valley Lake facilities shall be scheduled quarterly by the Office of the Board.~~

(b) Each new appointee to the Board within the first six months of being seated shall ~~participate in arrange for a member staff of the Office of the Board to provide~~ a one-day orientation excursion to view various local District facilities.

§ 2617. Inspection Trip Sponsorship Duty.

New directors are encouraged to participate as soon as possible in an inspection trip ~~of the Colorado River Aqueduct system~~ being sponsored by a fellow director, and, subsequently, to sponsor ~~such a an~~ inspection trip within his/her first year on the Board.

Division V

FINANCIAL MATTERS

Chapter 1

ADMINISTRATIVE MATTERS

§ 5114. Reporting Requirements of the Treasurer.

The Treasurer shall:

(a) Render, not later than the June Board meeting, a Statement of Investment Policy for the following fiscal year, to be considered for approval by the Board.

Chapter 2

FINANCIAL POLICIES

§ 5200. Funds Established.

To provide for accountability of public moneys in accordance with applicable federal and state law and regulations and Board policies, the following funds active or prospectively active have been established in the Treasury of the District:

...

(e) Water Revenue Fund (Fund No. 1002, established 1975). Receipts from water sales are deposited in this fund and are transferred to various other funds in accordance with revenue bond covenants and Board resolutions to pay in order of priority:

(1) Operation and maintenance expenditures;

~~(2) Principal of, premium, if any, and interest on the Prior Lien Waterworks Revenue Bonds and any required deposits into any reserve funds or accounts therefore;~~

~~(3) The interest on and bond obligation of Subordinate Lien Water Revenue Bonds and Parity Obligations issued pursuant to Master Resolution 8329 (the Master Resolution or Senior Debt Resolution) adopted by the Board on July 9, 1991 and any Supplemental Resolutions thereto, and any other obligations on a parity with the Water Revenue Bonds;~~

~~(4) All other payments required for compliance with the Master Resolution, and any Supplemental Resolutions;~~

~~(5) The interest on and bond obligation of Subordinate Water Revenue Bonds and Parity Obligations issued pursuant to Master Subordinate Resolution 9199 (the Master Subordinate Resolution) adopted by the Board on March 8, 2016 and any Supplemental Resolutions thereto, and any other obligations on a parity with the Subordinate Water Revenue Bonds;~~

~~(6) All other payments required for compliance with the Master Subordinate Resolution, and any Supplemental Resolutions;~~

~~(7) Principal of and interest on Commercial Paper Notes and other amounts due a provider of a liquidity facility;~~

~~(8) Deposits into the Water Standby Charge Fund in accordance with resolutions imposing such charges; and~~

~~(9) Any other obligations which are charges, liens, or encumbrances upon or payable from net operating revenues.~~

...

§ 5201. Restricted Funds.

Cash and securities to be held in the various ledger funds shall be as follows:

(a) General Obligation Bond Interest and Principal Funds and the Waterworks General Obligation Refunding Bonds Interest and Principal Funds, the cash and securities in each as of June 30, shall be at least equal to the debt service for the ensuing 18 months, less revenues anticipated to be derived from the next succeeding tax levy specifically for such debt service.

(b) For the Waterworks Revenue Bonds Interest and Principal Funds, the Water Revenue Bonds Reserve Funds, the Water Revenue Refunding Bonds Interest and Principal Funds and the Water Revenue Refunding Reserve Bonds, the cash and securities in each shall be at least equal to the minimums required by the resolutions of issuance for such bonds.

(c) For the Subordinate Bonds Interest and Principal Funds, the Subordinate Water Revenue Bonds Reserve Funds, the Subordinate Water Revenue Refunding Bonds Interest and Principal Funds and the Subordinate Water Revenue Refunding Reserve Funds, the cash and securities in each shall be at least equal to the minimums required by the resolutions of issuance for such bonds.

(ed) For the Bond Construction Funds there shall be no minimum requirements; provided that any cash and securities in such funds shall be restricted to use for the purposes such finances were required.

(de) For the State Contract Fund, cash and securities on hand June 30 and December 31 shall equal the capital payments to the State Department of Water Resources that are due on July 1 of the same year and January 1 of the following year, respectively.

(ef) For the Special Tax Fund, there shall be no minimum requirement.

(fg) For the Operation and Maintenance Fund, cash and securities shall be at least equal to the minimum required by the resolutions of issuance for revenue bonds.

(gh) For the Revolving Construction Fund, there shall be no minimum requirement. Cash and securities in this fund, unless restricted as to use by resolution of the Board, shall be available for transfer to the Water Rate Stabilization Fund and the Water Treatment Surcharge Stabilization Fund at the discretion of the Board.

(hi) For the Commercial Paper, Series A, Note Payment Fund, and the Commercial Paper, Series B, Note Payment Fund, the District shall deposit amounts sufficient to pay principal of, and interest on, such Commercial Paper Notes in an amount at least equal to one-half of the projected interest payments due on such notes in the subsequent fiscal year.

(ij) For the Water Standby Charge Fund, there shall be no minimum requirement; provided that any cash and securities in such fund shall be restricted to use for the purposes such moneys were authorized.

(jk) For the General Obligation Bond Excess Earnings Funds, the Waterworks General Obligation Refunding Bond Excess Earnings funds, the Water Revenue Bond Excess Earnings Funds and the Water Revenue Refunding Bond Excess Earnings Funds, the minimum

requirement shall be the amounts deposited into this fund in accordance with the provisions of the Tax and Nonarbitrage Certificates and Resolutions for the Bonds.

(~~kl~~) For the Waterworks General Obligation Refunding Bonds, 1993 Series A1 and A2, Escrow Account Fund, the minimum requirement shall be the amounts necessary to pay the principal, if any, and the interest on the Series A1 and A2 Bonds to the crossover date, and to defease certain maturities of outstanding prior general obligation bonds.

(~~lm~~) For the Iron Mountain Landfill Closure/Postclosure Maintenance Trust Fund, cash and securities as of June 30, shall be at least equal to the General Manager's latest estimates of closure and postclosure maintenance costs.

(~~mn~~) For the Optional General Obligation Bond Redemption Fund and the Optional Revenue Bond Redemption Fund, the minimum requirement shall be the amount necessary to redeem such untendered, refunded bonds which have been called for redemption.

(~~no~~) For the Water Transfer Fund, all amounts budgeted or pledged for purchase of water through transfers or similar arrangements, and for the costs of filling the Eastside Reservoir Project, shall be set aside in such fund and used solely for such purpose.

(~~op~~) For the Self-Insured Retention fund, all amounts in such fund shall be set aside and used solely for emergency repairs and claims against the District. The minimum cash and securities to be held in such fund as of June 30 of each year shall be \$25 million.

(~~pq~~) For the Water Stewardship Fund, there shall be no minimum requirement; all amounts in such fund shall be used to fund the Conservation Credit Program, Local Resources Program, seawater desalination, brackish water desalination, and similar demand management programs, including the departmental operations and maintenance costs for administering these programs.

§ 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:

...

(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, and Subordinate Water Revenue Bonds, issued pursuant to Resolution 9199 adopted by the Board on March 8, 2016, as amended and supplemented (the Master Subordinate Resolution). Capitalized terms not defined in this paragraph shall have the meanings assigned to such terms in the Master Resolution and the Master Subordinate Resolution.

Division VI

PERSONNEL MATTERS

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 (h) of Section 6200) and 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>
<u>5</u>	<u>9.26-12.27</u> <u>(\$19,261-25,938)</u>	<u>Student Youth Intern</u>
<u>2</u>	<u>\$8.32-\$11.23</u> <u>\$17,306-\$23,358</u>	<u>Student Intern Desert</u>
21	\$13.92-\$18.86 <u>14.30-19.38</u> (\$28,954-\$39,229) <u>29,744-40,310</u>	Student Intern
66	\$47.69-63.99 <u>49.01-65.75</u> (\$99,195-\$133,099) <u>101,941-136,760</u>	Board Executive Secretary <u>Principal Administrative Analyst</u>

68	\$50.26-\$67.55 <u>51.65-69.41</u> (\$104,541-\$140,504 <u>107,432-144,373</u>)	Program Manager I
70	\$53.04-\$71.33 (\$110,323-\$148,366)	Principal Legislative Representative
71	\$54.45-\$73.25 <u>55.95-75.27</u> (\$113,256-\$152,360 <u>116,376-156,562</u>)	Program Manager II
72	\$55.92-\$75.30 <u>57.46-77.38</u> (\$116,314-\$156,624 <u>119,517-160,950</u>)	Staff Assistant to General Manager
73	\$57.46-\$77.35 <u>59.04-79.48</u> (\$119,517-\$160,888 <u>122,803-165,318</u>)	Audit Administrator
74	\$59.04-\$79.50 <u>60.67-81.69</u> (\$122,803-\$165,360 <u>126,194-169,915</u>)	Program Manager III
75	\$60.60-\$81.69 <u>62.27-83.94</u> (\$126,048-\$169,915 <u>129,522-1174,595</u>)	Human Resources Manager I
<u>77</u>	<u>\$65.75-88.61</u> (<u>\$136,760-184,309</u>)	<u>Deputy General Auditor</u>
78	\$65.73-\$88.58 <u>67.54-91.02</u> (\$136,718-\$184,246 <u>140,483-189,322</u>)	Human Resources Manager II
80	\$69.40-\$93.54 <u>71.31-96.11</u> (\$144,352-\$194,563 <u>148,325-199,909</u>)	Human Resources Section Manager
81	\$71.33-\$96.12 <u>73.30-98.77</u> (\$148,366-\$199,930 <u>152,464-205,442</u>)	Assistant General Auditor Executive Legislative Representative Human Resources Manager III
<u>83</u>	<u>\$77.38-104.27</u> (<u>\$160,950-216,882</u>)	<u>Assistant Group Manager</u>
<u>85</u>	<u>\$81.69-110.09</u> (<u>\$169,915-228,987</u>)	<u>Chief Deputy General Counsel</u>
86	\$81.69-\$110.10 <u>83.94-113.14</u> (\$169,915-\$229,008 <u>174,595-235,331</u>)	Assistant General Counsel <u>Bay-Delta Initiatives Manager</u> Deputy General Manager—External Affairs <u>Human Resources Group Manager</u> <u>Group Manager</u> <u>Group Manager—External Affairs</u> <u>Group Manager—Human Resources</u> <u>Group Manager—Real Property Development Mgmt.</u>
<u>88</u>	<u>\$88.61-119.43</u>	<u>Group Manager—Water Resources Mgmt.</u>

	(\$184,309-248,414)	
89	\$91.02-122.69 (\$189,322-255,195)	Group Manager—Engineering Services Group Manager—Water System Operations
93	\$98.78-\$133.08 101.51-136.75 (\$205,462-\$276,806) 211,141- 284,440)	Assistant General Manager—Chief Operating Officer Assistant General Manager – Chief Administrative Officer Assistant General Manager—Chief External Affairs Officer Assistant General Manager – Chief Financial Officer Assistant General Manager – Strategic Water Initiatives
94	\$104.27-140.50 (\$216,882-292-240)	Assistant General Manager—Chief Operating Officer

() 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(a) 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. Department Heads are authorized to move a position to a different salary grade in accordance with practices, policies and procedures promulgated by the General Manager.

Division VIII

CONTRACTS/DISTRICT PROPERTY

Article 5

CONTRACTOR DEBARMENT

§ 8173. Initiation of Debarment Actions.

The Initiating Official shall initiate a debarment proceeding by serving upon the Respondent a written notice of proposed debarment by certified mail or personal service. The notice shall include the following:

- (a) A statement that debarment is being considered;
- (b) A listing of the bases for the proposed debarment, a detailed discussion of the facts underlying each basis, and documentary evidence supporting those facts;
- (c) The proposed period of debarment and the proposed effective date;
- (d) A statement regarding whether, upon good cause shown, the Respondent shall be temporarily excluded from bidding in response to District solicitations for the procurement of goods and services, pending the outcome of the debarment action;
- (e) A statement that the debarment will not become effective until after a hearing if such hearing is requested within thirty (30) days by the Respondent following receipt of the notice; and
- (f) A statement that, if no hearing is requested within thirty (30) days following receipt of the notice, an Executive Review Panel shall render a recommended decision to the Debarring Official based on the submissions of the Initiating Officer and the ~~Contractor~~Respondent.

Division II

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

§ 2400. Identification of Standing Committees.

The Standing Committees of the Board of Directors are:

Executive Committee
Engineering and Operations Committee
Finance and Insurance Committee
Legal and Claims Committee
Water Planning and Stewardship Committee
Communications and Legislation Committee
Organization, Personnel and Technology Committee
Real Property and Asset Management Committee

§ 2451. Duties and Functions. [Legal and Claims Committee]

...

(i) The Legal and Claims Committee shall be responsible for reviewing and approving the business plan containing the key priorities for the coming year of the General Counsel and the Legal Department. It shall review and approve the business plan in advance of the July Board meeting.

§ 2501. Audit and Ethics Special Committee.

...

(b) Duties and Functions

...(2) The Audit and Ethics Special Committee shall be responsible for monitoring and overseeing the duties and responsibilities of the Audit Department and the external auditors as those duties and responsibilities relate to the effectiveness of the District's internal control system. It shall review and approve the business plan containing the key priorities for the coming year of the General Auditor and the Audit Department in advance of the July Board meeting.

(3) The Audit and Ethics Special Committee shall be responsible for reviewing and approving the business plan containing the key priorities for the coming year for the Ethics Office. It shall review and approve the business plan in advance of the July Board meeting.

Chapter 6
DIRECTORS
Article 2
INSPECTION TRIPS

§ 2610. Authorization.

During each fiscal year (July 1 to June 30) each of the District's directors may sponsor inspection trips of District and related facilities for the purpose of providing leading citizens and other interested persons, preferably from the agency represented by the director, with firsthand knowledge of the District's operations, as follows:

Either (A) one two-day or one three-day trip over the Colorado River Aqueduct System under Section 2611 and one one-day trip under Section 2613, or (B) four one-day trips under Section 2613.

§ 2611. Colorado River Aqueduct System.

(a) The District will provide at its expense transportation, meals, lodging and related incidental expenses for inspection trips over the Colorado River Aqueduct System.

(b) A visit to Hoover Dam may be incorporated into the trip with Board Chair approval. Directors must submit a written request to the Board Chair in conformance with Section 2614.

(c) Ground Transportation is to be provided by a chartered bus or by the District.

(d) The trip will include a stopover at the Gene Facilities for either one night or two successive nights. Lodging is to be provided at the E. Thornton Ibbetson Guest Quarters and meals are to be provided both en route and at the Gene Facilities.

§ 2612. State Water Project.

(a) A two-day or a three-day inspection trip over State Water Project facilities is available upon written request to the Board Chair in conformance with Section 2614. The Chair must approve each trip.

(b) Transportation, meals, lodging and related incidental expenses for the trips will be provided by the District at its expense. Lodging accommodations will be provided at moderately priced hotels with double occupancy.

§ 2613. One-Day Inspection Trips.

The District will provide at its expense transportation, meals and related incidental expenses for inspection trips of District and State Water Project facilities within Southern California. Transportation is to be provided by a chartered bus or by the District. The District will provide meals that occur during the inspection trip.

§ 2614. Alternative Inspection Trips.

When in the best interests of the District, the District may provide alternative inspection trips to inform directors and invited guests on facilities and water management issues. The Board Chair shall approve any alternative inspection trip before it may be made available to directors. An approved alternative inspection trip may be substituted by a director for a regular inspection trip from Section 2611 to 2613 of the Administrative Code; however, the same provisions of Section 2610 shall apply.

§ 2615. General Provisions.

(a) The purpose of these inspection trips is to educate and inform elected and appointed officials, members of the business and environmental communities, members of the media, and other leading citizens and interested persons from each member public agency about Metropolitan and Southern California's water resources and water infrastructure. This will be accomplished through visual inspection of District and related facilities and presentations and discussions on water issues and the District's operations, programs, and objectives.

(b) It is each director's obligation to periodically sponsor inspection trips. Each director shall be responsible for the individual selection of guests, the choice of inspection trip and the inspection trip dates.

(c) Inspection trip guests should be selected from within the area of the public agency represented by the sponsoring director. Each director should select guests who occupy positions of leadership in their communities and other interested persons as described in subsection (a) above. The sponsoring director may be accompanied by one family member. No person under the age of 18 shall be permitted to attend.

(d) Directors may co-sponsor a trip with another director to maximize resources and serve the best interest of the District.

(e) Directors shall accompany their guests on inspection trips they sponsor except in cases of illness, emergency or other exceptional circumstances, and shall accompany them throughout all portions of the trip. In the event that a sponsoring director is not available,

another director from the district or an approved director designee from a member agency must accompany the trip if cancellation is not feasible.

(f) The number of guests on two- or three-day inspection trips should be approximately 36. Directors are encouraged to have a standby list of up to six guests available in the event of cancellations.

(g) Payment of District expense for transportation and meals on any inspection trip is limited to the normal travel routes to and from District facilities.

(h) Directors are encouraged to arrange for a member agency presentation that is relevant to the trip being conducted. Reasonable distribution of written material concerning the member public agency will be permitted.

(i) Itineraries, transportation, lodging and meals for District inspection trips shall be standardized to the extent possible in order to minimize costs. Variations from standard itineraries to accommodate special conditions may be authorized by the Chair.

(j) Trip groups numbering ten or less may be required to share the E. Thornton Ibbetson Guest Quarters with another group or groups.

(k) Reservation requests for inspection trips for the following fiscal year will be accepted beginning April 1.

(l) Inspection trip dates are assigned on a date/time-request-received basis. Scheduling conflicts will be resolved by consultation with affected directors. Any unresolved scheduling conflicts shall be referred to the Chair.

(m) In the event a director is unable to schedule a trip because of lack of an open date for a requested reservation, the director's request will receive priority the next fiscal year.

(n) Alcoholic beverages will not be provided at District expense. Directors shall assume the sole responsibility for the purchase, cost and use of any alcoholic beverages during an inspection trip. Staff shall not purchase or serve alcoholic beverages during an inspection trip.

(o) Directors sponsoring inspection trips are responsible for the conduct and behavior of all guests attending an inspection trip. Upon being informed, or otherwise becoming aware of, any improper behavior or activity, the sponsoring Director shall take appropriate measures, in coordination with Metropolitan tour staff, to address such behavior or activity, up to and including removal of any person or persons from the inspection trip. Directors or guests observing any action or event that is inappropriate shall report such activity as soon as possible to the District tour staff or supervising Director, or after the tour is concluded, to the Board Chair, for appropriate action. District staff observing an action or event that is inappropriate shall report such activity as soon as possible to their immediate supervisor and/or to the Inspection Trip Program Manager for appropriate action.

(p) Tipping of District employees, is strictly prohibited and any employee accepting a gratuity is subject to dismissal. The District staff representative on the trip will handle the tip for the bus driver and any other tips which are appropriate.

(q) The District will pay all necessary expenses incurred during an inspection trip.

(r) As a security measure, the sponsoring Director shall submit a manifest of all guests to the District in advance of the inspection trip. In an emergency situation, the District may interrupt and/or cancel any inspection trip in accordance with District security policy.

(s) Directors within the same member public agency may transfer inspection trips among themselves if the transfer is in the best interests of the District. Acceptance of an inspection trip sponsored by another director shall not affect a director's right to sponsor an inspection trip under the other provisions of this chapter. Directors of one public agency may not transfer their inspection trips to directors of another public agency except for reasons stated in paragraph (e) above.

Article 3

RESPONSIBILITIES OF NEW DIRECTORS

§ 2616. Obligations.

(a) It is the obligation of new members of the Board of Directors to participate in orientation and training.

(b) Each new appointee to the Board within the first six months of being seated shall participate in a one-day orientation excursion to view various local District facilities.

§ 2617. Inspection Trip Sponsorship Duty.

New directors are encouraged to participate as soon as possible in an inspection trip being sponsored by a fellow director, and, subsequently, to sponsor an inspection trip within his/her first year on the Board.

Division V

FINANCIAL MATTERS

Chapter 1

ADMINISTRATIVE MATTERS

§ 5114. Reporting Requirements of the Treasurer.

The Treasurer shall:

(a) Render, not later than the June Board meeting, a Statement of Investment Policy for the following fiscal year, to be considered for approval by the Board.

Chapter 2

FINANCIAL POLICIES

§ 5200. Funds Established.

To provide for accountability of public moneys in accordance with applicable federal and state law and regulations and Board policies, the following funds active or prospectively active have been established in the Treasury of the District:

...

(e) Water Revenue Fund (Fund No. 1002, established 1975). Receipts from water sales are deposited in this fund and are transferred to various other funds in accordance with revenue bond covenants and Board resolutions to pay in order of priority:

(1) Operation and maintenance expenditures;

(2) The interest on and bond obligation of Water Revenue Bonds and Parity Obligations issued pursuant to Master Resolution 8329 (the Master Resolution or Senior Debt Resolution) adopted by the Board on July 9, 1991 and any Supplemental Resolutions thereto, and any other obligations on a parity with the Water Revenue Bonds;

(3) All other payments required for compliance with the Master Resolution, and any Supplemental Resolutions;

(4) The interest on and bond obligation of Subordinate Water Revenue Bonds and Parity Obligations issued pursuant to Master Subordinate Resolution 9199 (the Master Subordinate Resolution) adopted by the Board on March 8, 2016 and any Supplemental Resolutions thereto, and any other obligations on a parity with the Subordinate Water Revenue Bonds;

(5) All other payments required for compliance with the Master Subordinate Resolution, and any Supplemental Resolutions;

(6) Principal of and interest on Commercial Paper Notes and other amounts due a provider of a liquidity facility;

(7) Deposits into the Water Standby Charge Fund in accordance with resolutions imposing such charges; and

(8) Any other obligations which are charges, liens, or encumbrances upon or payable from net operating revenues.

...

§ 5201. Restricted Funds.

Cash and securities to be held in the various ledger funds shall be as follows:

(a) General Obligation Bond Interest and Principal Funds and the Waterworks General Obligation Refunding Bonds Interest and Principal Funds, the cash and securities in each as of June 30, shall be at least equal to the debt service for the ensuing 18 months, less revenues anticipated to be derived from the next succeeding tax levy specifically for such debt service.

(b) For the Water Revenue Bonds Interest and Principal Funds, the Water Revenue Bonds Reserve Funds, the Water Revenue Refunding Bonds Interest and Principal Funds and the Water Revenue Refunding Reserve Bonds, the cash and securities in each shall be at least equal to the minimums required by the resolutions of issuance for such bonds.

(c) For the Subordinate Bonds Interest and Principal Funds, the Subordinate Water Revenue Bonds Reserve Funds, the Subordinate Water Revenue Refunding Bonds Interest and Principal Funds and the Subordinate Water Revenue Refunding Reserve Funds, the cash and securities in each shall be at least equal to the minimums required by the resolutions of issuance for such bonds.

(d) For the Bond Construction Funds there shall be no minimum requirements; provided that any cash and securities in such funds shall be restricted to use for the purposes such finances were required.

(e) For the State Contract Fund, cash and securities on hand June 30 and December 31 shall equal the capital payments to the State Department of Water Resources that are due on July 1 of the same year and January 1 of the following year, respectively.

(f) For the Special Tax Fund, there shall be no minimum requirement.

(g) For the Operation and Maintenance Fund, cash and securities shall be at least equal to the minimum required by the resolutions of issuance for revenue bonds.

(h) For the Revolving Construction Fund, there shall be no minimum requirement. Cash and securities in this fund, unless restricted as to use by resolution of the Board, shall be

available for transfer to the Water Rate Stabilization Fund and the Water Treatment Surcharge Stabilization Fund at the discretion of the Board.

(i) For the Commercial Paper, Series A, Note Payment Fund, and the Commercial Paper, Series B, Note Payment Fund, the District shall deposit amounts sufficient to pay principal of, and interest on, such Commercial Paper Notes in an amount at least equal to one-half of the projected interest payments due on such notes in the subsequent fiscal year.

(j) For the Water Standby Charge Fund, there shall be no minimum requirement; provided that any cash and securities in such fund shall be restricted to use for the purposes such moneys were authorized.

(k) For the General Obligation Bond Excess Earnings Funds, the Waterworks General Obligation Refunding Bond Excess Earnings funds, the Water Revenue Bond Excess Earnings Funds and the Water Revenue Refunding Bond Excess Earnings Funds, the minimum requirement shall be the amounts deposited into this fund in accordance with the provisions of the Tax and Nonarbitrage Certificates and Resolutions for the Bonds.

(l) For the Waterworks General Obligation Refunding Bonds, 1993 Series A1 and A2, Escrow Account Fund, the minimum requirement shall be the amounts necessary to pay the principal, if any, and the interest on the Series A1 and A2 Bonds to the crossover date, and to defease certain maturities of outstanding prior general obligation bonds.

(m) For the Iron Mountain Landfill Closure/Postclosure Maintenance Trust Fund, cash and securities as of June 30, shall be at least equal to the General Manager's latest estimates of closure and postclosure maintenance costs.

(n) For the Optional General Obligation Bond Redemption Fund and the Optional Revenue Bond Redemption Fund, the minimum requirement shall be the amount necessary to redeem such untendered, refunded bonds which have been called for redemption.

(o) For the Water Transfer Fund, all amounts budgeted or pledged for purchase of water through transfers or similar arrangements, and for the costs of filling the Eastside Reservoir Project, shall be set aside in such fund and used solely for such purpose.

(p) For the Self-Insured Retention fund, all amounts in such fund shall be set aside and used solely for emergency repairs and claims against the District. The minimum cash and securities to be held in such fund as of June 30 of each year shall be \$25 million.

(q) For the Water Stewardship Fund, there shall be no minimum requirement; all amounts in such fund shall be used to fund the Conservation Credit Program, Local Resources Program, seawater desalination, brackish water desalination, and similar demand management programs, including the departmental operations and maintenance costs for administering these programs.

§ 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:

...

(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, and Subordinate Water Revenue Bonds, issued pursuant to Resolution 9199 adopted by the Board on March 8, 2016, as amended and supplemented (the Master Subordinate Resolution). Capitalized terms not defined in this paragraph shall have the meanings assigned to such terms in the Master Resolution and the Master Subordinate Resolution.

Division VI

PERSONNEL MATTERS

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 (h) of Section 6200) and 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>
5	9.26-12.27 (\$19,261-25,938)	Student Youth Intern
21	\$14.30-19.38 (\$29,744-40,310)	Student Intern
66	\$49.01-65.75 (\$101,941-136,760)	Board Executive Secretary Principal Administrative Analyst
68	\$51.65-69.41 (\$107,432-144,373)	Program Manager I
71	\$55.95-75.27 (\$116,376-156,562)	Program Manager II
72	\$57.46-77.38 (\$119,517-160,950)	Staff Assistant to General Manager
73	\$59.04-79.48 (\$122,803-165,318)	Audit Administrator
74	\$60.67-81.69 (\$126,194-169,915)	Program Manager III
75	\$62.27-83.94 (\$129,522-174,595)	Human Resources Manager I
77	\$65.75-88.61 (\$136,760-184,309)	Deputy General Auditor
78	\$67.54-91.02 (\$140,483-189,322)	Human Resources Manager II
80	\$71.31-96.11 (\$148,325-199,909)	Human Resources Section Manager
81	\$73.30-98.77 (\$152,464-205,442)	Assistant General Auditor Executive Legislative Representative Human Resources Manager III
83	\$77.38-104.27	Assistant Group Manager

	(\$160,950-216,882)	
85	\$81.69-110.09 (\$169,915-228,987)	Chief Deputy General Counsel
86	\$83.94-113.14 (\$174,595-235,331)	Bay-Delta Initiatives Manager Group Manager Group Manager—External Affairs Group Manager—Human Resources Group Manager—Real Property Development Mgmt.
88	\$88.61-119.43 (\$184,309-248,414)	Group Manager—Water Resources Mgmt.
89	\$91.02-122.69 (\$189,322-255,195)	Group Manager—Engineering Services Group Manager—Water System Operations
93	\$101.51-136.75 (\$211,141-284,440)	Assistant General Manager – Chief Administrative Officer Assistant General Manager—Chief External Affairs Officer Assistant General Manager – Chief Financial Officer Assistant General Manager – Strategic Water Initiatives
94	\$104.27-140-50 (\$216,882-292,240)	Assistant General Manager—Chief Operating Officer

() 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(a) 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. Department Heads are authorized to move a position to a different salary grade in accordance with practices, policies and procedures promulgated by the General Manager.

Division VIII**CONTRACTS/DISTRICT PROPERTY****Article 5****CONTRACTOR DEBARMENT****§ 8173. Initiation of Debarment Actions.**

The Initiating Official shall initiate a debarment proceeding by serving upon the Respondent a written notice of proposed debarment by certified mail or personal service. The notice shall include the following:

- (a) A statement that debarment is being considered;
- (b) A listing of the bases for the proposed debarment, a detailed discussion of the facts underlying each basis, and documentary evidence supporting those facts;
- (c) The proposed period of debarment and the proposed effective date;
- (d) A statement regarding whether, upon good cause shown, the Respondent shall be temporarily excluded from bidding in response to District solicitations for the procurement of goods and services, pending the outcome of the debarment action;
- (e) A statement that the debarment will not become effective until after a hearing if such hearing is requested within thirty (30) days by the Respondent following receipt of the notice; and
- (f) A statement that, if no hearing is requested within thirty (30) days following receipt of the notice, an Executive Review Panel shall render a recommended decision to the Debarring Official based on the submissions of the Initiating Officer and the Respondent.