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Metropolitan Water District Audit and Ethics Committee Revisions of Ethics Rules

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Item 4a

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Metropolitan Ethics Rules Revision Project

- Four phases to ethics rules revision project
- First two phases completed
- Phase three topics divided into two parts -
 - Specific ethics rules for which the Ethics Officer has jurisdiction to investigate
 - Procedures for conducting investigations
- Phase four involved education, advice and compliance

Summary of Work Completed on Phases Three and Four

- Staff presentations on last two phases completed in March of this year
- April, May and June have involved multiple meetings and exchanges of drafts between outside counsel, Ethics Office and General Counsel
- Drafting team has considered A & E Committee input from prior meetings and written communications

Overview of Draft

- Drafting team had to revisit some sections adopted as part of phase one and two
- Some changes have been made in Division II (Board of Directors) and Division VI (Personnel Matters)
- Most of the new changes involve Division VII (Office of Ethics)
- Division VII has been fully reorganized and substantially rewritten
- We are providing you a clean version, a clean version with annotations, and a copy of the original

Some Detail About the Code Revisions

- Division VII has a new structure in six chapters:
 - Ethics Rules for Metropolitan Officials
 - Ethics Rules for Contractors and Lobbyists
 - Ticket Distribution Policy
 - Investigations by the Ethics Officer (procedures)
 - Disclosure of Economic Interests
 - Education, Advice, and Compliance
- Substantive changes to ethics rules regarding conduct of Metropolitan officials, contractors, and lobbyists; procedures for investigations; and education, advice, and compliance
- Includes a proposed Contractor Code of Conduct

Some Detail About the Code Revisions

- Purpose of annotations:
 - Explain what part of prior Code, Operating Policies or Investigation Guidelines are now located in the new section—needed given the overhaul of Division VII and the fact many Policies and Guidelines have now been codified
 - Explain how new section complies with SB 60 and relates to FPPC, LA Ethics and MTA rules
- Last section details what Code sections have been deleted or substantially changed

Some Detail About the Code Revisions

- Several former code sections have been modified or moved relative to the jurisdiction of the Ethics Officer's oversight of director and staff conduct:
 - Avoiding personal bias by directors
 - Allegations of discrimination/harassment by directors and staff
 - Whistleblower protections unrelated to ethics rule violations
- These code sections have changed from presentation to the A & E Committee
 - Private communications by directors with staff
 - Private communications by directors with vendors and contractors

Some Detail About the Code Revisions

- Existing rule prohibits all communications by directors with staff related to procurement
- Proposed rule would prohibit director communications with staff if to influence:
 - Selection of vendors and contractors
 - Hiring and employment decisions (except for direct reports)
 - Real property transactions
- Maintain rule that currently allows private communications with vendors and contractors

Some Detail About the Code Revisions

- New rules for contractors
 - Must comply with Contractor Code of Conduct
 - Contractor Code of Conduct incorporated into agreement with vendor/contractor
- New rules for lobbyists and lobbying firms
 - Registration required prior to lobbying
 - Quarterly reporting required to disclose what issue lobbied, name of lobbyist employer and compensation received

Next Steps

July/August

Involve new Ethics Officer in review of proposed changes to the Administrative Code

September:

A & E Committee considers and recommends proposed changes to the Administrative Code to the full Board

October:

Board considers recommendations of the A & E Committee and adopts final Administrative Code revisions