

Metropolitan Water District of Southern California Office of Ethics Contractor Code of Conduct

This document constitutes the Contractor Code of Conduct (“Contractor Code”) for Metropolitan Water District of Southern California (“Metropolitan”). It sets forth the minimum standards of conduct that Metropolitan’s contractors, consultants, vendors, and other suppliers of goods or services shall observe.

I. Background and Authority

By legislation enacted in 1999, state law requires Metropolitan to operate an independent Office of Ethics. Among other things, the legislation requires that Metropolitan adopt ethics rules that seek to avoid potential ethical abuses relating to business relationships between contractors, vendors, and Metropolitan officials. It requires the Ethics Office to investigate complaints of violations and to make the results of its investigations available to the public.¹

On November 9, 2021, Metropolitan’s Board of Directors adopted two amendments to Metropolitan’s Administrative Code (MWD Admin. Code) that require inclusion of a Contractor Code of Conduct in Metropolitan contracts:

Section 7210. Contractor Code of Conduct

- (a) All Metropolitan contractors shall be subject to a Contractor Code of Conduct.*
- (b) This Contractor Code of Conduct shall be included in all written contracts with Metropolitan and shall be posted on Metropolitan’s public website.*

Section 7211. Contractor Code of Conduct Provisions

The General Manager, Ethics Officer, and General Counsel shall jointly approve the terms of the Contractor Code of Conduct. This Contractor Code of Conduct shall include, but not be limited to, the following provisions:

- (a) Contractors shall abide by all Metropolitan ethics rules and policies applicable to contractors.*

¹ Metropolitan Water District Act, section 126.7 (SB 60).

(b) Contractors shall timely cooperate with any investigation by the Ethics Officer, which includes permitting access to their books, records, and accounts, and responding to inquiries as may be necessary to complete any investigation at no additional charge to Metropolitan.

(c) Failure to comply with the Contractor Code of Conduct shall be a basis for termination of existing contracts and debarment from future contracts as provided in section 8170.

(d) Contractors shall not provide political contributions to Metropolitan board members in violation of Government Code section 84308 nor cause any Metropolitan official to violate section 7123.

(e) Notice and a requirement that a contractor providing consulting services, including an employee of the contractor, comply with the conflict of interest and disclosure requirements of the Political Reform Act and Government Code section 1090 if the contractor qualifies as a public official.

By accepting the terms of this Contractor Code, Contractor agrees to act in accordance with the terms of Section 7211 of Metropolitan's Administrative Code, as quoted above, and to comply with other specific ethics rules set forth in this document.

II. Terms and Incorporation by Reference

This document uses the term "**Agreement**" to refer to the contract, agreement, purchase order, or other contractual instrument that incorporates this Contractor Code by reference.

This document uses the term "**Contractor**" to refer to the entity or person that enters into the Agreement with Metropolitan.

To have effect, this Contractor Code shall be incorporated by reference into the Agreement.

III. Ethics Rules Applicable to Contractor

A. Gifts

With the exceptions described below, Contractor shall not offer, provide, or arrange for another person to provide any gift or other items of value to any Metropolitan employee.² The exceptions are as follows:

1. Modest food or beverages provided during a work-related meeting or event.
2. Items of nominal intrinsic value such as greeting cards, coffee mugs, or pens bearing a corporate trademark.
3. The aggregate value to an individual Metropolitan employee shall not exceed \$50 per calendar year.³

B. Honoraria

Contractor shall not offer or provide honoraria (i.e., payment for appearing, giving a speech, or writing an article) to any Metropolitan official.⁴

C. Loans

Contractor shall not offer or provide a private loan to any Metropolitan official.⁵

D. Political Campaign Contributions

In any official proceeding involving a license, permit, or other entitlement for use, Contractor shall not make, solicit, or arrange for a political campaign contribution of more than \$250 to any Metropolitan Director.⁶

² “Gift” shall have the same meaning as that term is defined in California state ethics laws (e.g., Government Code, section 82028; Fair Political Practices Commission Regulations).

³ MWD Admin. Code Section 7122 [Additional Gift Limits and Compensation Restrictions], or successor provision.

⁴ MWD Admin. Code Section 7117 [Honoraria]. See California Government Code, Section 89502.

⁵ MWD Admin. Code Section 7117 [Loans to Public Officials]; see California Government Code, Section 87460(b).

⁶ MWD Admin. Code Sections 7113 [Campaign Contributions] and 7123 [Political Contributions and Activities]; see California Government Code section 84308.

E. Lobbyists

Contractor shall direct any of its representatives who meet the definition of “lobbyist” within Metropolitan’s Administrative Code to comply with Metropolitan’s lobbyist registration and reporting requirements.⁷

F. Confidential Information

Contractor shall not willfully or knowingly accept, possess, disseminate, or disclose any confidential information unless authorized to do so or required by law or Metropolitan policy.⁸ As defined in Metropolitan’s Administrative Code, “confidential or privileged information” means:

...[I]nformation, whether contained in a document, recorded, or communicated in another manner, which is maintained confidentially at or by Metropolitan and if contained in a writing, would not be subject to disclosure under the California Public Records Act.

G. Former Metropolitan Directors

1. Contractor shall not enter into any professional services contract with any member of Metropolitan’s Board of Directors during the Director’s term of office and for a period of one year thereafter.
2. If Contractor is a for-profit business entity, then Contractor shall not enter into any contract with Metropolitan if a former Metropolitan Director is an officer, partner, or shareholder who holds more than ten percent of the stock in the business entity. This restriction is in effect for one year after a Metropolitan Director leaves office.⁹
3. For a period of one year after leaving office, Contractor shall not compensate (whether directly or indirectly) any former Metropolitan Director for the purpose of influencing an official Metropolitan decision.

H. Former Metropolitan Employees

1. Contractor shall not discuss, negotiate, or offer employment or other business opportunities to any current Metropolitan employee whose position has any degree of authority or substantive involvement in the Agreement or any other

⁷ MWD Admin. Code 7220 [Lobbyist and Lobbying Firm Registration and Reporting Requirements]

⁸ MWD Admin. Code Section 7126 [Use of Confidential Information]

⁹ MWD Admin. Code Section 7124 [Limits on Contracts and Grants with Former Directors].

current contract, agreement, purchase order, or other contractual instrument between Contractor and Metropolitan.¹⁰

2. Contractor shall not compensate any former Metropolitan employee to influence any official Metropolitan decision. This restriction applies:
 - a. For one year after separation from Metropolitan employment; and
 - b. Regarding any issues over which the former employee had decision-making authority during the three years prior to separating from Metropolitan employment.¹¹

I. Official Decisions

When performing its work under the Agreement, Contractor shall not make or participate in making any Metropolitan decision if such decision would have a material and foreseeable effect on any private financial interest of Contractor.¹²

J. Public Contracts

If as part of its work under the Agreement, Contractor assists in developing criteria or specifications for any future Metropolitan contract, then Contractor shall not be a party to or otherwise benefit from the future contract.¹³

K. Disclosure of Economic Interests

If Metropolitan's Ethics Office or the California Fair Political Practices Commission (FPPC) determines that a Contractor is a consultant that meets the criteria set forth in

¹⁰ MWD Admin. Code Section 7114 [Influencing Prospective Employment]; Section 7130 [Employment with Persons Doing Business with Metropolitan], 7221 [Revolving Door Restrictions on Former Metropolitan Officials]. See California Government Code section 87407.

¹¹ MWD Admin. Code Section 7221 [Revolving Door Restrictions on Former Metropolitan Officials].

¹² MWD Admin. Code Section 7111 [Conflicts of Interest Regarding Governmental Decisions]; see California Government Code, section 87100.¹³ MWD Admin. Code Section 7111 [Conflicts of Interest Regarding Contracts]; see California Government Code, section 1090.¹⁴ MWD Admin. Code Section 7502 [Filing Statements of Economic Interests]. See FPPC Regulations, section 18700 [conditions when consultants are deemed to be public officials].

¹³ MWD Admin. Code Section 7111 [Conflicts of Interest Regarding Contracts]; see California Government Code, section 1090.¹⁴ MWD Admin. Code Section 7502 [Filing Statements of Economic Interests]. See FPPC Regulations, section 18700 [conditions when consultants are deemed to be public officials].

applicable FPPC regulations, then Contractor shall comply with disclosure requirements mandated by state law.¹⁴

L. Design-Build Contracts

For design-build and progressive design-build contracts, Contractor further agrees to the terms detailed in the *Metropolitan Water District of Southern California Organizational Conflict-of-Interest Policy for Alternative Project Delivery*, adopted by the Board on March 14, 2023.

IV. Other Requirements

A. Seeking Advice from Ethics Office

If questions arise regarding how any of these provisions would apply in specific situations, Contractor shall seek the advice or input of Metropolitan's Ethics Office.

B. Updates to Conflict of Interest Disclosures

If Contractor submitted a standardized conflict of interest disclosure form prior to or as part of entering into the Agreement, Contractor shall provide timely updated responses when requested by the Agreement Administrator or Metropolitan's Ethics Office.

C. Reporting of Apparent Violations

If Contractor becomes aware of facts indicating that it or any of its employees or agents may have violated any terms of the Contractor Code of Conduct, whether intentional or inadvertent, Contractor shall immediately notify Metropolitan's Ethics Office.

If Contractor becomes aware of facts indicating that a Metropolitan official may have violated any ethics policy or law applicable to their official duties, Contractor shall immediately notify Metropolitan's Ethics Office.

D. Cooperation in Ethics Office investigations

In the event of an official Ethics Office investigation concerning an alleged ethics violation related to the Agreement, Contractor shall cooperate at no additional cost to Metropolitan by responding to inquiries, providing testimony, or providing relevant documents or other information to an authorized investigator from Metropolitan's Ethics Office.

¹⁴ MWD Admin. Code Section 7502 [Filing Statements of Economic Interests]. See FPPC Regulations, section 18700 [conditions when consultants are deemed to be public officials].

[Final Version approved May 1, 2024]

E. Terms of Related Agreement

The terms of this Contractor Code apply in addition to, and not in place of, the terms and conditions of the Agreement that incorporates this document.

F. Remedies

In the event of a breach by Contractor of any of the obligations contained within this Contractor Code of Conduct, Metropolitan shall have the right to seek enforcement or remedies available under law.

[INSERT SIGNATURES]