

INLAND EMPIRE UTILITIES AGENCY  
ADMINISTRATIVE HANDBOOK

2017



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## **CHAPTER I: INTRODUCTION**

### **1.1 Background**

Inland Empire Utilities Agency (“IEUA” or “Agency”) is a municipal water district located in the Inland Empire area of Southern California. Its mission is to supply imported drinking water and collect, treat, and dispose of wastewater and provide other utility-related (renewable energy and compost) services in a regionally planned, managed and cost-effective manner. IEUA provides wholesale imported water from Metropolitan Water District of Southern California to seven retail agencies: the cities of Chino, Chino Hills, Ontario, Upland, Cucamonga Valley Water District, Fontana Water Company in the city of Fontana, and the Monte Vista Water District in the city of Montclair.

As a regional wastewater treatment agency, IEUA provides sewage utility services to seven contracting agencies under the Chino Basin Regional Sewage Service Contract; the cities of Chino, Chino Hills, Fontana, Montclair, Ontario, and Upland as well as to the Cucamonga Valley Water District (CVWD) in the city of Rancho Cucamonga.

With a dedicated team of approximately 300 professionals, IEUA operates four regional water-recycling facilities that treat approximately 50 million gallons per day (mgd) of wastewater, providing high quality recycled water that is available for industrial applications, agricultural and landscape irrigation, and groundwater recharge.

### **1.2 Preamble**

Inland Empire Utilities Agency (formerly Chino Basin Municipal Water District) was established by a majority vote in a special election on June 6, 1950, with the mission to supply supplemental water to the Chino Basin. The Agency is organized pursuant to the Municipal Water District Act of 1911 (CA Water Code Section 71000 et. seq.) and governed by a five-member Board of Directors. Once formed, the Agency was annexed to the Metropolitan Water District of Southern California (MWD). Through subsequent annexations, the Agency’s service area includes the cities of Chino, Chino Hills, Fontana, Montclair, Ontario, Rancho Cucamonga, Upland, unincorporated areas of San Bernardino County, and the service areas of Cucamonga Valley Water District, Fontana Water Company, and Monte Vista Water District.

The Agency’s original mission was to distribute imported water in the Chino Basin from the State Water Project. In 1972, the Agency negotiated a Regional Sewage Service Contract (Regional Contract) with its seven-member agencies: Chino, Chino Hills, Cucamonga Valley Water District, Fontana, Montclair, Ontario, and Upland. The Agency assumed the responsibility of purchasing and operating the wastewater recycling facilities in the service area from the member agencies. The Agency also operates two separate Brine Lines collection systems. Through agreements with the County Sanitation Districts of Los Angeles County (CSDLAC) and the Santa Ana Watershed Project Authority, brine wastewater from industrial users are conveyed outside of the Chino Basin.

The Agency operates four water recycling facilities located throughout the service area: Regional Water Recycling Plant No. 1 (RP-1), Carbon Canyon Water Recycling Facility (CCWRF), Regional Water Recycling Plant No. 4 (RP-4), and Regional Water Recycling Plant No. 5 (RP-5).

The Agency also operates Regional Water Recycling Plant No. 2 (RP-2), which process the solids from CCWRF and RP-5.

In addition to water recycling facilities, the Agency, through a Joint Powers Agreement with the CSDLAC, formed the Inland Empire Regional Composting Authority (IERCA). Through IERCA, the Agency operates an indoor composting facility known as the Inland Empire Composting Facility located adjacent to RP-4. The Agency also operates the Chino I Desalter (owned by the Chino Basin Desalter Authority) which treats groundwater from wells in the Chino Basin.

### **1.3 Mission Statement**

Agency Mission – Inland Empire Utilities Agency is committed to meeting the needs of the region by providing essential public services in a regionally planned and cost-effective manner while safeguarding public health, promoting economic development and protecting the environment.

Agency Services - IEUA is focused on the following products and services:

- IEUA is a wholesale distributor for water supplies from the Metropolitan Water District for distribution to local agencies within its service area.
- Collecting and treating wastewater, developing recycled water, local water resources, and conservation programs to reduce the region's dependence on imported water supplies and drought-proof our service area.
- Promoting sustainable use of groundwater and development of local water supplies
- Converting biosolids and waste products into a high-quality compost made from recycled materials to ensure healthy soils, and
- Generating electricity from renewable sources.

Agency Vision – To become a world class leader in water management and environmental stewardship, including water quality, water-use efficiency, recycled water, and renewable energy, to enhance and preserve the quality of life throughout the region.

Agency Values – Leading the way. Planning for the future. Protecting the resources of the communities we serve. The Inland Empire Utilities Agency is:

- Committed to applying ethical, fiscally responsible, transparent and environmentally sustainable principles to all aspects of business and organizational conduct.
- Working with integrity as one team, while celebrating the region's diversity.
- Staying in the forefront of the industry through education, innovation, efficiency, and creativity.

Agency Responsibilities – The Board of Directors and employees of the Agency are responsible for fulfilling the mission and values by demonstrating and expecting:

- Loyalty, professionalism and ethical behavior.
- Open and courteous communication with each other and with the communities served.
- Prudent and cost-effective resource planning, management, and utilization.
- Innovation in meeting the present and future needs of the Agency.

## **1.4 Facilities**

### 1.4.1 Administrative Headquarters

Located in the city of Chino, IEUA is the first public agency in the nation to receive the Platinum rating from the U.S. Green Building Council's Leadership in Environmental and Energy Design (LEED). IEUA's administrative headquarters takes water and energy conservation to new levels. The extensive use of recycled materials is seen throughout the interior and exterior of the headquarters complex.

### 1.4.2 Regional Water Recycling Plant No. 1 (RP-1)

Located in the city of Ontario, RP-1 began operation in 1948. RP-1 has undergone several expansions to increase the permitted wastewater treatment capacity to 44 million gallons per day ("mgd") of wastewater and 60 mgd equivalent of biosolids treatment capacities (2017). The facility serves the Cities of Ontario, Rancho Cucamonga, Upland, Montclair, Fontana, and unincorporated areas of San Bernardino County.

### 1.4.3 Regional Water Recycling Plant No. 2 (RP-2)

Located in the City of Chino, RP-2 began operation in 1960 and currently treats the biosolids flow streams from the Carbon Canyon Water Recycling and the Regional Water Recycling Plant No. 5 facilities. As a result of biosolids production, methane gas (or bio-gas) is produced and utilized as a fuel source to operate microturbines that produce electricity. This electricity is used to operate equipment at RP-2, reducing the Agency's need to purchase power from the grid.

### 1.4.4 Carbon Canyon Water Recycling Facility ("CCWRF")

Located in the City of Chino, CCWRF began operation in 1992. The facility works in tandem with RP-2 and serves the Cities of Chino, Chino Hills, Montclair and Upland. The liquids are treated at CCWRF to produce recycled water, while the solids removed from the waste flow are treated at RP-2. CCWRF's treatment capacity is 11.4 mgd as of 2017.

### 1.4.5 Regional Water Recycling Plant No. 4 (RP-4)

Located in the City of Rancho Cucamonga, RP-4 began operation in 1997. As of 2017, RP-4 treats an average flow of 14 mgd. RP-4 works in conjunction with RP-1 to provide recycled water to users within the Cities of Ontario, Rancho Cucamonga, Upland, Montclair, Fontana, and an unincorporated area of San Bernardino.

### 1.4.6 Regional Recycling Water Plant No. 5 (RP-5)

Located in the City of Chino adjacent to IEUA's headquarters complex, RP-5 began operation in 2004. RP-5 services the cities of Chino and Chino Hills and is permitted to treat 16.3 mgd as of 2017.

### 1.4.7 Regional Plant No. 5 Solids Handling Facility (RP-5 SHF)

Located on the southeast corner of the RP-5 facility site, RP-5 SHF began operation in 2001. The facility is designed to process manure and food waste through an anaerobic digestion process. During this process, approximately 400,000 to 600,000 cubic feet/day of methane gas (biogas) is generated and used as a fuel source to operate engine generators that produce electricity. The electricity produced is used to operate equipment at RP-5.

#### 1.4.8 Inland Empire Regional Composting Facility (IERCF)

Located in the City of Rancho Cucamonga, IERCF began in 2002. The fully enclosed IERCF is a joint partnership with the CSDLAC. The facility composts a variety of organic residuals which have a high level of nutrient value for horticultural uses in an environmentally responsible manner. The facility is permitted to process approximately 150,000 wet tons per year of biosolids.

#### 1.4.9 Chino Basin 1 Desalter

Located in the City of Chino, the Chino Basin 1 Desalter produces approximately 14 mgd of high quality drinking water, serving the water needs of approximately 35,000 people. Groundwater pumped from 14 wells throughout the Chino Basin is pumped to the Chino Basin 1 Desalter for process. Once there, a combination of reverse osmosis, ion exchange, and volatile organic compound treatment technologies are used to remove salt, nitrates, and other organic compounds from the water, bringing it to drinking water standards. The Chino Basin Desalters are owned by the Chino Basin Desalter Authority of which IEUA is a member.

#### 1.4.10 Chino Creek Wetlands and Educational Park (Park)

Located in the City of Chino, the Chino Creek Wetlands and Educational Park provides a hands-on opportunity for the community to experience the importance of constructed wetlands in the protection of our watershed. The Park improves water quality, flood control, habitat restoration, recreation, water conservation and public education. The Park was designed to restore native habitat and natural drainage, showcasing the environmental values of the Prado Basin, the largest freshwater habitat remaining in southern California.

#### 1.4.11 Solar Power

In 2008, 3.5 Megawatts (“MW”) of solar energy was installed at four of IEUA’s recycled water facilities. Generating clean solar power reduces the largest non-labor component of IEUA’s operating budget – electrical costs. The solar project is funded in part under the state’s innovative California Solar Initiative. It is a private-public partnership where investors funded the capital for the project and ongoing maintenance while the Agency agreed to purchase power produced at a mutually agreed price and escalation rate.

#### 1.4.12 Battery Storage

In 2016, IEUA entered into a public-private partnership to install, operate, and maintain 4.0 MW of battery storage at IEUA’s wastewater treatment plants. The batteries, will reduce IEUA’s demand for grid power during peak periods, saving electricity costs. The system charges the batteries at night when grid demand and power costs are lowest, then uses power from the batteries during the day when demand and costs are exponentially higher. These battery storage systems will integrate IEUA’s renewable power installations and enhance the Agency’s ability to cost-effectively meet power demands while optimizing self-generated electricity. In April 2017, IEUA received the Excellence in Environmental Engineering and Science Award for the “RP-5 Battery Storage Project” from the American Academy of Environmental Engineers and Scientists.

#### 1.4.13 Grantors for Facilities

Grantors have aided in many projects that IEUA has undertaken. These grantors include: California Integrated Waste Management Board, U.S. Department of Energy, Department of

Water Resources, Metropolitan Water District, U.S. Bureau of Reclamation, California Department of Forestry and Fire Protection, California Energy Commission, U.S. Department of Agriculture, Western United Resource Department, Inc, California Public Utilities Commission through Southern California Gas Company Self Generation Incentive Program, California Solar Initiative through Southern California Edison, State Water Resources Control Board, and California Department of Parks and Recreation.

## **CHAPTER 2: AGENCY BYLAWS**

### **2.1 Election of Board of Directors**

#### **2.1.1 Elections**

(a) The elective officers of the Agency shall consist of a board of five members. Board representation shall be divided into five divisions; one member elected from each division, said divisions being numbered and described by area according to and based upon the population as estimated by this Board from the Register of Voters used at the last general election in such manner as to equalize, as nearly as practicable, the population in the respective division, and will serve for a term of four years and until their successors qualify. The terms of all officials so elected shall be deemed to have commenced on the first Friday in December following the election, or in the case of a special election, upon certification of election returns by the County Clerk.

(b) The qualifications of candidates and electors and the procedure governing general district elections shall apply to any special election called pursuant to this section, and the notice of such election shall be published at least thirty (30) days prior to the date of such special election.

(c) Members of the Board of Directors must be qualified electors who reside within the boundaries of their respective division.

(d) The general district election is held at the State Consolidation Election of the even numbered years in accordance with State Law.

#### **2.1.2 Vacancies.**

a) Any vacancy in the office of a Director may be filled by a majority of the remaining Directors. The person selected shall be a resident of, and otherwise qualified to be a Director from the division in which the vacancy occurred, and shall hold office for the remainder of the unexpired term. If within 60 days after a vacancy on the Board of Directors occurs and the remaining Directors have failed to fill such vacancy, a special election shall be called by the Board of Directors and held in the division affected, for the purpose of filling such vacancy.

(b) If a member of the Board of Directors is absent from six consecutive regular meetings of the Board of Directors, unless by permission of the Board of Directors expressed in its official minutes, or is convicted of a crime involving moral turpitude, the office of such person shall become vacant. The Board of Directors shall declare the existence of any vacancy.

#### **2.1.3. Election of Officers**

Officers of the Board of Directors shall be elected by the Board of Directors in a procedure established by the Board of Directors through a resolution and in compliance with State Law.

#### 2.1.4 Compensation

(a) The members of the Board of Directors shall receive compensation for their services as such, and in addition shall receive reimbursement for their Agency-authorized expenses when acting on official duty. Each member shall receive as compensation such amount as may be fixed by Agency Ordinance and in conformance with State Law.

(b) Compensation to the members of the Board of Directors shall be part of the public record, reported by the Agency's General Manager and shall be available to the public upon request, and in compliance with the Public Records Act and the District's procedure.

## **2.2 Duties and Powers of the Board of Directors**

### 2.2.1 Governance Responsibility

The Board of Directors of the Agency shall be responsible to set strategic direction and policy for the Agency. It shall be responsible to see that its policies and directions are being carried out by the General Manager and staff. The Board of Directors shall set Agency priorities. The Board of Directors shall review and adopt budgets. The Board of Directors is responsible to annually review the performance of the General Manager, Manager of Internal Audit, and the Board Secretary/Office Manager.

### 2.2.2 Powers of the Board

All powers of the Agency shall be vested in the Board of Directors, as the legislative body of the Agency. The General Manager implements policies established by the Board of Directors. Any executive, administrative, and ministerial powers may be delegated and redelegated by the Board as allowed by law.

### 2.2.3 Property

The Board of Directors shall have the right to take or acquire real or personal property or any interest therein, within and without the Agency, by grant, purchase, gift, devise or lease; and to hold, manage, occupy, dispose of, convey, and encumber such property, and create a leasehold interest in such property for the benefit of the Agency within applicable State Law.

### 2.2.4 Eminent Domain

The Board of Directors shall have the right to exercise eminent domain, in compliance with all applicable State Law.

### 2.2.5 Hiring/Appointments

The Board of Directors shall have the power to appoint and hire employees and consultants as described in section 2.4 below. The General Manager, under the direction of the Board of Directors, shall have the power to appoint, employ, and pay persons who are necessary and adequately trained, to maintain and operate the property, improvements and facilities of the Agency, and to implement the policies of the Board of Directors. The Board of Directors shall establish rules and regulations for classification, compensation and personnel policy.

### 2.2.6 Contracts

The Board of Directors on behalf of the Agency may enter into and perform all contracts necessary for its proper and efficient operation. Rules and regulations regarding contracts have been developed and approved by Agency Ordinance or Resolution.

### 2.2.7 Rules

The Board of Directors shall establish rules and procedures for its proceedings.

### 2.2.8 Ordinances, Resolutions and Motions

The Board of Directors shall make policy decisions using Ordinances when establishing rules and regulations (not policy manuals), Resolutions in matters generally obligating the Agency, and Motions as administrative direction. All Ordinances shall be adopted by a roll call vote. Yea and Nay votes will be recorded on all motions. Resolutions and motions may be adopted by voice vote, but on demand of any member of the Board the roll shall be called. The Agency Bylaws are the underlying Constitution or Charter of the organization.

#### 1. Ordinances.

- a. Ordinances are the highest form of action and take precedence over Resolutions and Motions.
- b. Ordinances must be approved through a hearing process. The short title and description of a proposed Ordinance must be advertised in a local newspaper of general distribution and one hearing must be held before an Ordinance can be adopted. Rates should be set according to policies set in the Ordinance. Any requirement that the Agency desires to have the effect of law should be established by Ordinance.

#### 2. Resolutions.

- a. A Resolution makes a statement of will and policy of the Board of Directors. A Resolution will be the implementing document that sets rates and fees. The Resolution can then be changed to reflect new cost numbers, without amending the Ordinance.

#### 3. Motions.

- a. A Motion typically gives administrative direction or approval. For example, if the Agency desires to purchase an item for more than the General Manager is authorized to pay, the Board of Directors by Motion can authorize purchase of the item. Motions are documented by "Minutes" and many times the Board of Directors may be asked to make approvals by minute order. This is the same as a Motion and refers to the Motion's documenting number.

## **2.3 Duties of Officers**

### 2.3.1 President of Board

The President of the Board of Directors presides at all Board of Directors meetings, makes rulings on procedural points of order and appoints Agency Representatives to membership organizations and members of the Board to committees. The President of the Board of Directors is responsible to sign all agreements approved by the Board of Directors. The President shall keep meetings productive and on track. The President should encourage open discussion and allow all members the opportunity to express their views. The President should lead and guide the Board of Directors. The President should provide a stabilizing influence and bring out the best in all members. The President shall provide consistent leadership. The President appoints the chair/president of the committee, committee member, and alternate for all committees, including the standing and ad hoc. The President also coordinates the efforts of the committees, integrates committee work with that of the Board of Directors, and defines committee relationships with staff. The President must be knowledgeable of all material at hand.

### 2.3.2 Vice-President of the Board

The Vice-President acts for the President in his or her absence. The Vice-President shall remain apprised and backup for the President, and chair key committees.

### 2.3.3 Secretary/Treasurer of the Board

The Secretary/Treasurer of the Board is responsible for reviewing, on a monthly basis, the financial register of demands and the monthly financial reports. The Secretary/Treasurer verifies expenditures, and acts as a check on staff, to verify the accuracy of financial reports. The Secretary/Treasurer makes provisions to maintain all Agency records and acts as the recorder for Agency Board of Directors Meetings. The Secretary/Treasurer certifies minutes of meetings and countersigns documents with the President of the Board of Directors on behalf of the Agency. In the absence of the President and Vice- President, the Secretary calls the Board of Directors Meeting to order and asks that a President Pro-tem be elected.

### 2.3.4 Committees

Regular standing committees of the Board of Directors are the: Audit Committee, Community and Legislative Affairs Committee, Engineering, Operations, and Water Resources Committee, and the Finance and Administration Committee.

The Board may choose, at its own discretion, to change the names of the current standing committees or to add or consolidate the standing committees as they see necessary to conduct business.

## **2.4 Board of Directors' Appointments**

### 2.4.1 General Manager

The Board of Directors shall appoint a General Manager, who shall serve at the pleasure of the Board, in implementing Board policies. The General Manager is an "at will" employee. The Board of Directors may terminate employment of the General Manager whenever it chooses, in compliance with State and Federal Law, the Agency's policies and any existing Employment Agreement. The General Manager is responsible for the management of the Agency under the policy direction of the Board of Directors. The Board of Directors works through the General Manager. The General Manager shall implement policy decided by the Board of Directors and keep the Directors informed at all times. The General Manager may be neither the Agency Chief Finance Officer, nor a member of the Board of Directors.

### 2.4.2 Legal Counsel

Legal Counsel for the Agency shall be appointed by and serve at the pleasure of the Board of Directors. The holder of the office must be an attorney-at-law duly licensed as such under the laws of the state of California, and shall have engaged in the practice of law for at least five years. Legal Counsel shall have the power to prosecute on behalf of the people all civil cases for violations of provisions of these Bylaws and Ordinances of the Agency. Legal Counsel shall act on behalf of the Agency to develop and enforce agreements. Legal Counsel shall advise and represent the Agency and the Board of Directors, Committees or departments, and give advice or opinion in writing when so requested by any of the foregoing. Legal Counsel shall advise the Board of Directors, as necessary, in matters pertaining to the Brown Act. Legal Counsel shall represent and appear for the Agency in any action or proceeding in which the Agency is a party or is otherwise interested or concerned when the Agency is not otherwise represented by special counsel. Legal Counsel shall appear on behalf of a Board Member or employee or former Agency

Board Members or former employees, in any action or proceeding concerned in his or her official Agency capacity. Legal Counsel shall attend all scheduled meetings of the Board of Directors, and other such meetings that the Board of Directors deem necessary. Special Counsel shall keep Legal Counsel apprised of the status of the case or claim.

#### 2.4.3 External Auditor

An external auditor is appointed by the Board of Directors to present annual audited financial statements to the Board of Directors, and to make annual management reports of any reportable conditions found during the audit.

Independent auditors are required to be Certified Public Accountants in good standing in the state of California with public agency auditing experience, and shall have engaged in the practice of accounting for at least five years.

#### 2.4.4 Manager of Internal Audit

The Board of Directors shall appoint a Manager of Internal Audit, who shall serve at the pleasure of the Board. The Manager of Internal Audit is responsible for assisting the Board and Audit Committee in fulfilling their oversight responsibilities for financial reporting, internal controls and compliance with regulatory requirements. The Manager of Internal Audit also carries out the Board approved Internal Audit Department Charter. The Manager of Internal Audit monitors the efficiency and effectiveness of Agency operations and compliance with applicable state and federal laws and regulations. The Manager of Internal Audit further monitors departmental compliance with established Agency policies and procedures, while providing recommendations to add value and improve the operations of the Agency.

#### 2.4.5 Board Secretary/Office Manager

A Board Secretary/Office Manager shall be appointed and serve at the pleasure of the Board of Directors. The Board Secretary/Office Manager plans, organizes and coordinates the activities of the Board members, including the preparation and posting of meeting agenda packages. The Board Secretary/Office Manager serves as the recording secretary for the Board meetings, committee meetings and meetings of the Inland Empire Regional Composting Authority. The Secretary collects information to ensure that the Board members are in legal and regulatory compliance and ensures that all timesheets, reimbursements and expense reports are completed for all Board members in accordance to Agency policies and Special District rules. The Board Secretary/Office Manager monitors the Board of Directors annual budget. The Board Secretary/Office Manager serves as the Agency's conflict of interest filing official and maintains public records associated with Board matters.

### **2.5. Board Meetings**

#### 2.5.1 Regular Meetings

Regular Meetings of the Board of Directors shall be held at a time and place as set forth by Resolution of the Board of Directors. Unless otherwise determined, regular meetings shall be held twice per month at the Agency's main office. All meetings shall be conducted in accordance with the Brown Act (California Government Code §§54950 through 54962).

#### 2.5.2 Special Meetings

Special Meetings of the Board of Directors may be called by the presiding officer or by a majority of the Board. Newspapers of general circulation in the Agency, radio stations and television

stations, organizations, and all residents who have requested written notice of meetings in accordance with the Brown Act shall be notified by a mailing, unless the special meeting is called less than one week in advance, in which case, the notice, including business to be transacted, will be given by email during business hours as soon after the meeting is scheduled as practicable, at least 24 hours before the time of the Special Meeting. Notice should also be made available on the Agency's website within this time period. Call and notice shall be posted at least 24 hours prior to the special meeting in a location that is freely accessible to members of the public.

### 2.5.3 Emergency Meetings

In an emergency situation involving matters upon which prompt action is necessary due to disruption or threatened disruption of public facilities, emergency meetings may be called without the twenty-four (24) hour notice as required above. An "emergency situation" means a work stoppage, or other activity or crippling disaster which severely impairs public health, safety, or both, as determined by the majority of the members or the legislative body. Newspapers of general circulation in the Agency, radio or television stations, organizations, and all residents who have requested notice of meetings in accordance with the Brown Act, (California Government Code §54950 through §54962) shall be notified by at least one (1) hour prior to the Emergency Meeting by telephone. In the event that telephone services are not functioning, the notice requirement of one hour shall be deemed waived, but the General Manager, or his/her designee, shall notify such newspapers, radio stations, or television stations of the fact of the holding of the emergency meeting, and the purpose of the meeting, any action taken by the Board at the meeting, as soon after the meeting as possible. Notice shall also be made available on the Internet as soon as practicable after the decision to call the Emergency Meeting has been made. No closed session may be held during an emergency meeting, and all other rules governing special meetings shall be observed, with the exception of the twenty-four (24) hour notice. The minutes of the Emergency Meeting, a list of persons the General Manager or designee notified or attempted to notify, a copy of the roll call vote(s) and any actions taken at such meetings shall be posted for a minimum of ten (10) days in the Agency office as soon after the meeting as possible.

### 2.5.4 Adjourned Meetings

A majority vote by the Board of Directors may adjourn any Board meeting at any place in the agenda, to any time and place specified in the order of adjournment. If all members are absent from any regular, adjourned regular, special, or adjourned special meeting, the Board Secretary/Office Manager or the legislative body may declare the meeting adjourned to a stated time and place, and he/she shall cause a written notice of adjournment to be given to those specified above.

If an adjourned meeting is held more than five days after the regular meeting, a new agenda shall be posted.

### 2.5.5 Organizational Meetings

The Board of Directors shall hold an organizational meeting at its first regular meeting in January of every odd year. At this meeting, the Board will elect a President, Vice President and Secretary/Treasurer in accordance with procedures established by the Board. Notwithstanding this rule, the Board may at any time vote to reorganize itself at a properly agendized meeting as in accordance with State Law.

### 2.5.6 Meeting Agendas

Agendas for regular Board meetings shall be prepared by the General Manager in cooperation with the Board Secretary/Office Manager and Board President, and shall be posted and delivered at least 72 hours in advance of any regular board meeting. Any Director may request at a Board meeting and, with the concurrence of a majority of the Board, to add any issue to the next meeting's agenda. Agendas shall be prepared in accordance with the Brown Act. Agendas shall inform the Board of Directors and the public of the items to be considered in the meeting, (and of any anticipated actions arising out of the meeting).

Late-breaking items may be added to an agenda by a two-thirds vote of the legislative body, or, if less than two-thirds of the members are present, a unanimous vote of those members present. If knowledge of the item came to the Agency's attention after the agenda was posted, or provided that an emergency exists as defined in the Brown Act. Only those items of business listed in the call for the special meeting shall be considered by the Board at any special meeting.

### 2.5.7 Public Comments

The Board shall provide a period during every regularly scheduled meeting to receive comments from the public. The Board may receive comments from the public at special meetings of the Board on matters which are not on the agenda which a member of the public may wish to make. However, the Board shall not discuss or take action on such matters at that meeting. The Board may limit the time allowed for public comments.

### 2.5.8 Time Limits

The Board of Directors may reasonably limit the time allowed for any one person to speak on an item at the meeting, or to make public comments. Unless otherwise permitted, limits on any one speaker will be three (3) minutes.

### 2.5.9 Posting of Agenda

The Agenda shall be posted conspicuously for public review at least seventy-two (72) hours prior to the time of all regular meetings, which shall include but not be limited to all matters on which there may be discussion and/or action by the Board.

### 2.5.10 Order of Agenda

The President shall determine the order in which agenda items will be considered for discussion and/or action by the Board of Directors. The President shall strive to make the meeting convenient for members of the public, whenever possible, by placing public comment periods at the beginning of meetings and placing closed sessions at the end of meetings.

### 2.5.11 Board Meeting Conduct

Meetings of the Board of Directors shall be conducted by the President in a manner consistent with the policies of the Agency. The latest edition of Robert's Rules of Order, revised may also be used as a general guideline for meeting protocol. Agency policies shall prevail whenever they are in conflict with Robert's Rules of Order Revised. All Board meetings shall commence at the time stated on the agenda. The conduct of meetings shall, to the fullest possible extent, enable Directors to:

- Establish policy direction;
- Consider problems to be solved, weigh evidence related thereto, and make wise and informed decisions intended to solve the problems; and

- Receive and consider appropriate reports of Agency operations and take any appropriate action with respect thereto.

#### 2.5.12 Board Meeting Disruptions

General rules for permitting any individual or group to address the Board concerning any item on the agenda of a special meeting, or to address the Board at a regular meeting on any subject that lies within the jurisdiction of the Board of Directors, are as follows:

- No boisterous conduct shall be permitted at any Board meeting.
- Persistence by an individual or group of individuals in boisterous conduct shall be grounds for summary termination, by the President, of that individual's or group's privilege of address.
- No oral presentation shall include charges or complaints against any Agency employee, regardless of whether or not the employee is identified in the presentation by name or by another reference which tends to identify. All charges or complaints against employees shall be submitted to the Board of Directors in writing in accordance with the Brown Act, and subject to existing employee Memorandum of Understandings and Personnel Rules and Regulations.
- Willful disruption of any of the meetings of the Board of Directors shall not be permitted. If the President finds that there is in fact willful disruption of any meeting of the Board, he/she may order the room cleared.
- In such an event, only matters appearing on the agenda may be considered in such a session.
- After clearing the room, the President may permit those persons who, in his/her opinion, were not responsible for the willful disruption to re-enter the meeting room.
- Duly accredited representatives of the news media, whom the President finds not to have participated in the disruption, shall be admitted to the remainder of the meeting.

#### 2.5.13 Board Quorum

A quorum is achieved when three or more members of the Board of Directors are present.

#### 2.5.14 Board Minutes

The Board Secretary/Office Manager shall keep Minutes of all meetings of the Board. Copies of said Minutes shall be made for distribution to Directors, with the agenda for the next regular Board meeting. The Minutes of a meeting shall be revised and approved at that meeting.

#### 2.5.15 Audio Recording

A recording of any meeting of the Board of Directors may be made by tape or an electronic recorder, but is not required. The President may announce the fact that a recording is being made at the beginning of the meeting, and the recording device shall be placed in plain view of all present, so far as is possible. The recordings, tapes, discs or other electronic data/information storage devices shall be destroyed after a period of 30 days, or until the minutes of the meeting have been approved, or longer at the discretion of the Board.

#### 2.5.16 Closed Sessions

Recordings will not be made during closed sessions of the Board.

#### 2.5.17 Recording Votes

Motions, Resolutions or Ordinances shall be recorded as having passed or failed, and individual votes will be recorded unless the action was unanimous. There shall be a roll call vote for Ordinances, and if requested by a member of the Board, for Resolutions.

#### 2.5.18 Minutes

The minutes of Board meetings shall include:

- Date, place and type of each meeting;
- Directors present and absent;
- Call to order;
- Adjournment of the meeting;
- Record of written notice of special meetings; and,
- Record of items to be considered at special meetings;
- Approval of the minutes of preceding meeting as may be amended;
- Information as to each subject of the Board's deliberation;
- All Board Resolutions and Ordinances by Title and Number;
- A record of all contracts entered into;
- A record of all bids awarded or rejected by the Board of Directors;
- A record by number of all obligations approved for payment;
- Adoption of the annual budget and amendments thereof;
- A record of all important correspondence;
- A record of the General Manager's report to the Board;
- Approval of all policies and Board-adopted regulations; and,
- A record of all visitors and delegations who have identified themselves.

### **2.6. Power to Collect Fees and Taxes, or to Incur Debt**

#### 2.6.1 Set Procedure to Establish Fees

The Agency is empowered to collect fees as necessary to maintain all systems, make necessary improvements and provide for service to customers. All Agency fees are related to the cost of the Agency to provide said service.

#### 2.6.2 Set Procedure to Collect Taxes

Inland Empire Utilities Agency is entitled to collect taxes and standby charges through the County Assessor, and maintains that right as described in the State Constitution and applicable State Law.

### 2.6.3 Ability to Incur Debt

The Agency shall have the right to incur debt as provided by applicable State Law, to enter into purchase agreements and to enter into long-term lease agreements as needed to provide for service to Agency customers.

### 2.6.4 Ability to Act as Regional Financing Authority

The Agency, along with Cucamonga County Water District, has formed the Chino Basin Regional Financing Authority for the purpose of financing regional projects. The Board of Directors of Inland Empire Utilities Agency shall constitute the Members of the Commission of the Chino Basin Regional Financing Authority and shall meet at least annually. The Chino Basin Regional Financing Authority shall be subject to the same audit requirements as the Agency itself.

## **2.7. Financial Responsibility**

### 2.7.1 Requirement for Investment Policy

The Agency shall at least once per year review the investment policy of the Agency and set in place guidelines that shall govern the management of the financial resources of the Agency. The critical investment factors shall be security, liquidity and return on investment. The Executive Manager of Finance and Administration/Assistant General Manager shall at least quarterly report to the Board of Directors the status of all Agency investments and the financial position of the Agency.

### 2.7.2 Requirement for Independent Audit

The Agency shall commission an Independent Audit each year through the Independent Auditor. The Independent Auditor shall be a Certified Public Accountant with experience in auditing public agencies. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) Government Auditing Standards and other applicable requirements. The Independent Auditor shall audit the financial statements of the Agency and shall report to the Board of Directors on the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) and adequacy of the internal controls that are in place to protect the Agency. The Independent Auditor shall perform the single audit in compliance with the Single Audit Act and Office of Management and Budget Policy A-133.

## **2.8. Ability to Contract with or Join with Other Agencies**

### 2.8.1 Ability to Execute Contracts

Inland Empire Utilities Agency is entitled to enter into Contracts, Agreements, Leases and Lease Purchase Agreements as needed for the operation of the Agency.

### 2.8.2 Ability to Form Joint Power Authorities

Inland Empire Utilities Agency has joined with other agencies to form Joint Power Authorities and retains the right to continue to form such authorities as granted by State Law.

### 2.8.3 Ability to Exercise Authority Under Water District Law

Inland Empire Utilities Agency was formed pursuant to the Municipal Water District Act of 1911, and retains all rights, powers and authorities granted in that law. The Board of Directors may at any time choose to exercise such powers, even though they may not be enumerated in this document, in Ordinance or Resolution.

## **2.9 Boundaries**

### 2.9.1 Describe Boundaries

A Legal Description of the Agency shall be maintained and updated by Agency Ordinance.

### 2.9.2 Ability to Annex

The Local Agency Formation Commission (LAFCO) has been established by the State Legislature to, among other duties, review and approve or disapprove proposals for annexation of territory to special districts. The Agency has the ability to annex property with prior approval of the LAFCO. Unconditional commitments to provide service to territory and/or proposed development will not be considered until said territory is annexed to the Agency. (California Water Code §72300)

Annexation proponents shall provide the Agency copies of their LAFCO application, petition, map, legal description and any other necessary legal documents should they desire to receive confirmation of District acceptance of their proposal prior to initiating the LAFCO application. In the case that the proposed territory's water service will be supplied by water sourced from Metropolitan Water District of Southern California (MWD), a concurrent MWD annexation application is required. The annexation proponents shall be responsible for the completion of the MWD annexation application per the applicable section of the MWD Administrative Code. The Board of Directors will consider the annexation proposal in a publicly noticed meeting. Acceptance by the Board of the proposed annexation shall be formalized by the adoption of a resolution. Said resolution shall contain the following:

- All of the information required in the petition;
- The annexation map and legal description as attachments;
- Verification that the Agency desires to annex the subject territory;
- Authorization for the resolution to be submitted as an application for annexation approved by LAFCO; and
- A request that LAFCO approve and authorize the Agency to conduct proceedings for the annexation.

If LAFCO accepts the annexation proposal, the LAFCO Commission will adopt a resolution and forward it to the Agency. After confirmation of LAFCO acceptance, and after the annexation proponents tender to the Agency applicable annexation fees and appropriate recording and State Board of Equalization fees, as determined by LAFCO, MWD Board of Directors (if required), the Agency's Board of Directors at a regularly scheduled meeting, will consider approval of the proposed annexation. Approval by the Board of the proposed annexation shall be formalized by the adoption of a resolution. All proceedings shall be done in conformance with Section 56700 et seq. of the California Government Code.

## **CHAPTER 3: BOARD OF DIRECTORS VALUES AND PRINCIPLES**

The Board of Directors' primary goal is to create and follow policies that guide the Agency and its employees towards its mission. Policy decisions constitute the "actions" taken by the Board of Directors.

The Board itself has six (6) major responsibilities:

1. Promote the best interests of the Agency's customers by establishing policies that support the mission, vision, and values of the Agency.
2. The Board shall further establish policies that ensure fiscal stability and the effective use of funds.
3. Appoint a General Manager to manage the day-to-day operations of the Agency.
4. Appoint a Manager of Internal Audit to conduct internal audits of the Agency.
5. Appoint a Board Secretary/Office Manager to assist the Board of Directors and Manage the Executive Administrative Group.
6. Appoint Legal Counsel to handle legal issues on behalf of the Agency.

### **3.1 Ethical Standards**

#### 3.1.1 Agency Ethical Philosophy

The Board of Directors of Inland Empire Utilities Agency is committed to providing excellence in legislative leadership that results in the provision of the highest quality of services to its customers. When a present or potential financial benefit exists, Board Members shall excuse themselves from any discussion or decisions that impacts them or their direct family members (parents, siblings, children, spouse or grandchildren) more than on the public at large. As an example, a Director may properly vote on any rate increase or general fee that impacts all customers equally. A Director may not, however, participate in the discussion or a decision about a project being built by his or her relative, or in another example, a pay increase for his or her spouse who works for the Agency. Voting on this would constitute an impermissible conflict of interest. In order to assist in the behavior between and among members of the Board of Directors, the following rules shall be observed: the dignity, style, values and opinions of each Director shall be respected; responsiveness and attentive listening in communication is encouraged and expected; the needs of the Agency's constituents should be the priority of the Board of Directors; the primary responsibility of the Board of Directors is the formulation and evaluation of policy; the presentation of the opinions of others should be encouraged; differing viewpoints are healthy in the decision-making process; individuals should have the right to disagree with ideas and opinions, without being disagreeable.

Directors should practice the following procedures:

- In seeking clarification on informational items, Directors may directly approach the Executive team members, unless otherwise defined by the General Manager, to obtain information needed to supplement, upgrade, or enhance their knowledge to improve legislative decision-making.
- In handling complaints from residents and property owners of the Agency, the complaints should be referred directly to the General Manager.
- In handling items related to safety, concerns for safety or hazards should be reported to the General Manager or to the Agency Executive Team. Emergency situations such as personnel, legal action, land acquisition and development, finances, and Agency programming, such concerns should be referred directly to the General Manager.

- When approached by Agency personnel concerning specific Agency policy, Directors should direct inquiries to the appropriate Executive Manager. The chain of command should be followed for orderly management of the Agency.
- The work of the Agency is a team effort. All individuals should work together in a collaborative process, assisting each other in conducting the affairs of the Agency.
- Directors and the General Manager should develop a working relationship wherein current issues, concerns and Agency projects can be discussed comfortably and openly.
- Directors should function as a part of the whole. Issues should be brought to the attention of the Board as a whole, rather than to individual members selectively.
- Directors are responsible for monitoring the Agency's progress in attaining its goals and objectives, while pursuing its mission.

### **3.2 Leadership**

The Board should adhere to established organizational values and principles that can help promote a collaborative work environment.

- Take ownership of, and responsibility for, actions, risks, and results.
- Use outcomes, whether positive or negative, as learning opportunities.
- Make sound decisions from experience, good judgment and collaboration.
- Give and seek clear expectations.
- Look for solutions that contribute to desired results.
- Act in all endeavors with an ethical, honest, and professional manner.
- Honor commitments in order to build trust.
- Be truthful in word and deed.

### **3.3 Openness**

- Approach every situation with good intentions.
- Encourage new and diverse ideas.
- Listen, cooperate, and share across the organization.
- Value and recognize individual contributions.

### **3.4 Balance**

- Recognize the need for personal and professional balance.
- Do not forsake long-term goals in order to satisfy short-term needs.
- Support an environment that is optimistic and enjoyable in which relationships can prosper across the organization.

### **3.5 Guiding Principles**

- Insuring a safe, reliable, and efficient water and wastewater delivery system to our wholesale customers.
- Designing and administering the highest quality, secure and innovative programs.
- Supporting and encouraging the development of industry leading technology to enhance efficiency and promote innovation.

- Delivering services in an equal, accurate, courteous, professional, and prompt manner.
- Attracting, developing, and retaining a competent, creative, and highly motivated workforce.
- Maintaining public trust by being ethical, sensitive, effective, and cost efficient in service to our wholesale water and wastewater customers.

### **3.6 Interaction Between Board Members**

There is an expectation that each Board member will strive to work with fellow Board members and Agency staff as part of a team to address the various challenges and opportunities that are presented to them. The following represents Board member best practices for interacting with each other.

1. Board members are representatives of the Agency's culture and values its customers at all times.
2. Business attire at Board meetings, and when representing the Agency at public events, is appropriate.
3. Relationships between Board members are informal and always professional.
4. Board members lead by example in their interaction and communications style and practice.
5. Board members function as a team and are not exclusive in their communication and interaction.
6. To the extent possible, Board members will be cooperative in supporting each other.
7. Personal attacks against fellow Board members or staff are not representative of a constructive culture.

## **CHAPTER 4: BOARD OF DIRECTORS' STAFF INTERACTION**

The efficient and effective delivery of wholesale water and wastewater treatment for the Agency's service area is a collaborative effort between the elected members of the Board and those individuals employed to execute the Agency's day-to-day operations. The Board's relationship and interaction with its professional staff must be carefully cultivated and nurtured at all times.

Agency staff serves the entire Board of Directors as a whole. Consequently, the Board should adhere to the following guidelines in its interaction with the staff:

1. Board members shall not direct staff to initiate any action, change a course of action, or prepare any report without the approval of the General Manager and, if necessary, the majority of the Board.
2. Board members shall not attempt to pressure or influence discussions, recommendations, workloads, schedules, or priorities.
3. When preparing for Board meetings, Board members should direct questions ahead of time to the General Manager so that staff can provide the desired information at the Board meeting.

4. Any concerns by a member of the Board regarding the behavior or work of an Agency employee should be directed to the General Manager privately to ensure that the concern is addressed. Board members shall not reprimand employees directly nor should they communicate their concerns to anyone other than the General Manager.
5. Soliciting political support from staff (e.g. financial contributions, display of posters or lawn signs, name on support list, etc.) is prohibited. Agency staff may, as private citizens with constitutional rights, support political candidates, but all such activities must be done away from the workplace and may not be conducted while on the job.

#### **4.1 Relationship between Board Members and the General Manager**

The General Manager acts as the primary agent of the Board and is the one whom the Board delegates its authority to manage and administer the Agency's daily operations in accordance with the Board's approved policies. The General Manager acts as the Chief Executive Officer of the Agency and the top advisor to the Board.

Much of the Agency's success will be dependent upon a positive relationship between the Board and its General Manager. A strong Board and a strong General Manager may not always agree on every issue. However, both must consciously focus on maintaining a shared sense of purpose, open communication, honesty, trust and mutual support. While the General Manager is hired to carry out Board policy directives, the Board also looks to him/her for guidance and leadership.

The Board should support the decisions of a General Manager and grant him/her the authority to manage and lead the Agency. This is critical to building the General Manager's credibility with the staff and the community. Both parties should always publicly support each other.

It is the General Manager's responsibility to ensure that the Board members have all the information they need to make Board-level decisions and that all Board members are provided the same information. Board members expect the General Manager to make a recommendation on every issue before the Board, except those that are strictly reserved to the Board.

The following are guidelines intended help define the relationship between the Board and the General Manager:

1. General Manager prepares annual goals which are approved by the Board of Directors as part of a formal performance review process
2. The Board of Directors will provide the General Manager with an annual written performance evaluation.
3. Board members are encouraged to contact the General Manager about any subject related to the operations of the Agency. Similarly, the General Manager may discuss any Agency related issue with any member of the Board of Directors.
4. Concerns regarding overall Agency operations or specific department issues or department heads are addressed with the General Manager.
5. Critical information will be provided to all members of the Board by the General Manager, which feedback may be verbal, written or electronic in nature.

6. The General Manager handles interdepartmental issues including but not limited to, Agency staffing, department, and structuring the departments within the budget authorized by the Board.
7. The General Manager shall advise the Board of Directors when he/she is out of the office for an extended period of time and shall designate the individual who shall be acting General Manager during that time.

#### **4.2 Request for Staff Resources**

Individual Board member requests for research or other staff work must be directed to the General Manager, or the Agency's Legal Counsel regarding legal matters. If, in the judgment of the General Manager, more than one hour of staff time will be required to complete the requested task/project, the item may be agendaized to solicit Board authorization to expend the additional time necessary on the proposed item. Staff responses to Board member requests shall be distributed to all Board members.

### **CHAPTER 5: BOARD OF DIRECTORS' PUBLIC INTERACTION**

As a public body, it is important for Board of Directors to establish a working environment that encourages participation and trust between the contracting agencies and public as well.

#### **5.1 Contracting Agency Concerns and Public Complaints**

1. All concerns between the contracting public agencies that the Agency services shall be referred to the General Manager.
2. Staff will provide the Board with a written or verbal report of customer/contracting agency concern or inquiry that cannot be handled as a routine manner. Staff shall also provide the Board with a suggested response to the concern or inquiry.
3. The Board will be informed of significant, politically sensitive, urgent and/or repetitive inquiries. Staff will research the request as soon as possible and provide the General Manager with the appropriate follow-up and response. The General Manager will review the communication and requests prior to dissemination to the Board, and if appropriate, the Agency's Legal Counsel.
4. Copies of any written or electronic responses to customer concerns provided by a member of the Board shall be provided to the other members of the Board of Directors as well.
5. Information that may expose the Agency to liability will be shared with the Board at a noticed, closed session meeting of the Board of Directors and the Agency's Legal Counsel.

#### **5.2 Public Comment on the Agenda**

1. Prior to public comment on an agenda item, the Board will consider staff reports, questions from the Board, and a response.
2. Agenda items noticed on the agenda for public hearing will follow procedures as outlined by the Agency's Legal Counsel.
3. The President of the Board may elect to defer action on an item brought forward by the public until such time as staff can prepare an appropriate response.

4. The President is responsible for maintaining an orderly progression of the business before the Board; and, to the extent possible, regulates the amount and type of input from the public and from members of the Board and staff.

Under the Brown Act, members of the public may address the Board on any item within the subject matter jurisdiction of the Agency and not otherwise listed on the meeting agenda. Generally, Board members will not respond to public comments except for the President referring matters to the General Manager for follow-up. Board members may, through the President, ask clarifying questions to ensure that staff provides an appropriate response. Occasionally, a prompt response may be offered by the President or the General Manager when an obvious answer or resolution is available.

### **5.3 Representing an Official Agency Position**

In order to ensure that they are properly representing their positions as elected officials of the Inland Empire Utilities Agency, Board Members should adhere to the following guidelines:

1. Board members may use their title only when conducting official Agency business, for information purposes, or as an indication of background and expertise.
2. Once the Board of Directors has taken a position on an issue, all official Agency correspondence regarding that issue will reflect the Board's adopted position.
3. In most instances, the Board will authorize the President to send letters stating the Agency's official position to appropriate legislators.
4. Meetings of any outside agencies and organizations that are included on the Agency's list of Representative Assignments are to be attended by the designated Board member and/or alternate.
5. If a member of the Board appears before the meeting of another governmental agency organization to give a statement on an issue affecting the Agency (including Representative Assignments), the Board member shall indicate the majority position and opinion of the Board.
6. Personal opinions and comments that may be contrary to adopted policy may be expressed only if the Board member clarifies that these statements do not reflect the official position of the Board or the Agency.
7. Board members should exercise caution when utilizing the news media, social media or other forms of communications to specifically express views which are in opposition to adopted Board policy.

When two Board members are authorized/assigned by the Board to attend a meeting as the Agency's official representative, other Board members may not participate at the meeting in order to avoid violations of the Ralph M. Brown Act.

## **CHAPTER 6: BOARD OF DIRECTOR'S CODE OF CONDUCT**

### **6.1 Board Member's Fiduciary Duties and Code of Conduct**

Board members hold a fiduciary duty to the Agency. A fiduciary has been defined as a person to whom property or power has been entrusted for the benefit of another. Board members hold an obligation to act with the Agency's best interests in mind. This can create conflicting loyalties when you serve on a regional body such as the Agency. While a Board member can argue for measures that mitigate unfair burdens on their respective districts, pursuing parochial interests at the expense of the general welfare of the organization as a whole conflicts with a Board member's ethical duties to the organization.

In order to promote the public's trust in Board policies and to ensure the most effective and efficient delivery of Agency services, members of the Board shall abide by the following Director's Code of Conduct:

1. Board members shall refrain from abusive conduct, personal charges, or verbal attacks upon the character or motives of other members of the Board, committees, staff, or the public.
2. Board members will provide policy direction and instructions to the General Manager on matters within the authority of the Board of Directors by a majority vote of the Board during a duly convened meeting of the Board and/or Board Committee meetings.
3. Board members duties shall be performed in accordance with the processes and rules of order established by the Board.
4. Communication between Board members, including electronic, verbal and written, shall comply with all State-mandated open meeting law requirements (i.e. the Ralph M. Brown Act).
5. Board members shall inform themselves on public issues, listen attentively to public discussions before the body, and focus on the business at hand.
6. Board decisions shall be based upon the merits and substance of the matter at hand.
7. Board members shall represent the official policies and positions of the Board. When presenting their personal opinions on positions publicly, members shall explicitly state they do not represent the Board or the Agency.
8. Board members shall respect and preserve the confidentiality of information provided to them concerning the confidential matters of the Agency. They must neither disclose confidential information to advance or adversely affect the personal, financial, private interests of themselves or others.
9. It is the responsibility of Board Members to publicly share substantive information that is relevant to a matter under consideration that they have received from sources outside of the public decision-making process with all other Board members and the public prior to taking action on the matter.
10. Appropriate Agency staff should be involved when Board members meet with officials from other agencies and jurisdictions to ensure proper staff support as needed and to keep the General Manager informed.

11. Board members shall not attend internal staff meetings or meetings between Agency staff and third parties unless invited by the General Manager or directed by the Board to do so.
12. Board members shall disclose to the appropriate authorities and/or to the Board any behavior or activity that may qualify as corruption, abuse, fraud, bribery, or other violation of law.
13. Board members, by virtue of their public office, shall not take advantage of services or opportunities for personal gain that are not available to the public in general. They shall not accept gifts, favors or promises of future benefits that might compromise their independence of judgment or action or give the appearance of being compromised. Likewise, Board members shall not appear on behalf of, or advocate for, the private interests of a third-party before the Board.
14. Except for statements on the record in a scheduled public meeting, Board Members shall not directly or indirectly communicate with the General Manager, Legal Counsel, Manager of Internal Audit, or Agency staff regarding the selection of specific vendors, contractors, consultants, or other business entities for a specific procurement of goods or services.
15. Board members will address matters within the authority of the General Manager to the General Manager and not directly through Agency staff.
16. Board members are prohibited from soliciting public funds or contributions at Agency facilities on Agency time or while representing the Agency.

## **6.2 Protection of Agency Resources, Property, and Information**

Board members cannot use, or permit others to use, Agency-owned vehicles, equipment, computers, telephones, for personal convenience or profit. Each Board member must protect and properly use any Agency asset within his or her control, including information recorded on paper or in electronic form.

Board members also cannot require or request an Agency employee to perform services for the personal convenience or profit of a Board Member.

Board members are responsible for maintaining written records, including expense accounts, in sufficient detail to reflect accurately and completely all transactions and expenditures made on the Agency's behalf.

### 6.2.1 Handling of Confidential Information and Legal Matters

The Board appoints the Agency's Legal Counsel to provide a wide range of professional legal services including assistance and legal advice to the Board of Directors, General Manager and all Agency departments and offices.

1. These guidelines shall be employed by Board members when dealing with legal and/or other confidential matters:
  - a. Board members are not authorized, without Legal Counsel approval, to disclose information that qualifies as confidential information that (1) has been received for, or during, a closed session of the Board, (2) is protected from disclosure under the attorney/client privilege or other evidentiary privilege, or (3) is not required to be

- disclosed under the California Public Records Act and/or California Government Code.
- b. All written materials and verbal information provided to Board members on matters that are confidential and/or privileged under State law shall be kept in complete confidence to ensure that the Agency's position is not compromised.
  - c. Confidential materials provided in preparation for and during Closed Sessions shall not be retained and electronic copies must be deleted or documents returned to staff at the conclusion of the Closed Session.
  - d. Confidential materials provided to Board members outside of Closed Sessions must be destroyed, deleted, or returned to staff within thirty (30) days of their receipt.
  - e. Board members may not request confidential written information from staff that has not been provided to all Board members.
  - f. Board members are prohibited from using any confidential information for personal advantage or profit.
2. Board members may disclose information in the following circumstances:
    - a. Making a confidential inquiry or complaint to a district attorney or grand jury concerning a perceived violation of law, including disclosing facts to a district attorney or grand jury that are necessary to establish the alleged illegality of an action taken by the Agency, and elected official or employee.
    - b. Expressing an opinion concerning the propriety or legality of actions taken by the Agency in closed session, including disclosure of the nature and extent of the allegedly illegal action.
    - c. Disclosing information acquired by being present in a closed session that is not confidential information.
    - d. Before disclosing information, a Board Member or Executive Manager will first bring the matter to the Legal Counsel to provide the Agency an opportunity to cure an alleged violation or to assure that the information is not confidential.
  3. Board members cannot enjoy or establish an attorney-client relationship with Legal Counsel by consulting with or speaking to the same. Any attorney-client relationship established belongs to the Agency, acting through the Board of Directors, and as may be allowed in State law for purposes of defending the Agency and/or the Board in the course of litigation and/or administrative procedures, etc.
  4. Board members are encouraged to utilize Agency email addresses when conducting Agency business. While utilizing personal email addresses is not prohibited, doing so may render the Board member's personal email address subject to forensic review in connection with litigation involving the Agency or record requests under the Public Records Act.

## **CHAPTER 7: CONFLICT OF INTEREST (APPLICABLE TO ALL AGENCY DIRECTORS AND EMPLOYEES)**

In order to assure their independence and impartiality on behalf of the public good, state law prohibits Board members from using their official positions to influence government decisions in

which they have a financial interest or where they have an organizational responsibility or a personal relationship that would present a conflict of interest under applicable state law.

Conflict of interest rules apply to Agency employees as well. Employees cannot participate in the making of a contract if the employee or a family member has a financial interest in the contract. The making of a contract includes more than just voting for its approval. Under the law, the making of a contract includes discussions, negotiations, drafting and approval. Therefore, if an employee has been assigned to prepare a request for qualifications or request for proposal, or is in a position to recommend a purchase from a vendor, that employee has participated in the making of a contract. The objective of these conflict of interest provisions is to ensure the Board member or employee's dedication to the Agency is not impaired or potentially impaired by familial relationships, contractual relationships, or similar financial interests.

If a Board member becomes aware or suspects that he or she or a family member has a financial interest in a transaction involving the Agency, they should immediately disclose the fact to the Legal Counsel for evaluation and opinion on the potential conflict.

Whenever an employee becomes aware or suspects that he or she or a family member has a financial interest in a transaction involving the Agency, they should immediately disclose that fact to a supervisor. The matter will then be referred to Legal Counsel for evaluation and opinion on the potential conflict.

### **7.1 Board of Directors Conflict of Interest Adherence**

1. A Board member or employee shall not be financially interested in any contract made by them in their official capacity, or by any body or board of which they are members.
2. A Board member or employee will not participate in the discussion, deliberation or vote on a matter before the Board of Directors, or in any way attempt to use his or her official position to influence a decision of the Board, if he or she has a prohibited interest with respect to the matter, as defined in the Political Reform Act, Government Code section 81000 et seq. relating to conflicts of interest. A Director has a financial interest if he/she has a material financial effect that is distinguishable from the effect on the public generally on:
  - a. Any business entity in which the Board member or employee has a direct or indirect investment worth the amount specified in the then-effective Fair Political Practices Commission (FPPC) regulations;
  - b. Real property in which the Board member or employee has a direct or indirect interest, with a worth in the amount specified in the then-effective FPPC regulations;
  - c. A source of income of the Board member or employee in the amount specified in the then-effective FPPC regulations;
  - d. A source of gifts to the Board member or employee in an amount specified in the then-effective Fair Political Practices Commission (FPPC) regulations within twelve months before the Board decision;
  - e. A business entity in which the Board member holds a position as a director, trustee, officer, partner, manager or employee;

- f. The Board member or employee's personal expenses, income, assets or liabilities, and those of his or her immediate family, are likely to go up and down in a 12-month period as a result of the decision in the amount specified in the then-effective FPPC regulations.
3. If a Board member believes that he or she may be disqualified from participation in the discussion, deliberations or vote on a particular matter due to a conflict of interest, the following procedures will be followed:
  - a. If the Board member becomes aware of the potential conflict of interest before the Board meeting at which the matter will be discussed or acted on, the Board member will notify the Agency's General Manager and the Agency's Legal Counsel of the potential conflict of interest, so that a determination can be made whether it is a disqualifying conflict of interest;
  - b. If it is determined that a disqualifying conflict of interest exists, the Board member shall state on the record during an open Board meeting, the nature of the conflict of interest and shall excuse himself/herself from the boardroom prior to Board discussion on the agenda item. The conflicted Board member shall abstain from voting and shall not participate in Board discussion or in any way attempt to influence the Board's consideration of the agenda item.

Board members shall refrain from voting on or otherwise influencing matters involving any person with whom the member is negotiating for, or has accepted, future employment, or where the member has a direct or indirect ownership interest or business relationship.

Board members are also prohibited from recommending the employment of a relative by the Agency.

No conflict exists if a Board member votes on a rate increase or tax level that effects all members of a class in the same manner as it will affect the Board member.

#### 7.1.1 Compensation, Gifts and Gratuities

No Board member shall receive or agree to receive, directly or indirectly, any compensation, reward, honoraria or gift from any source except from his or her employer, for any action related to the conduct of the Agency's business.

#### 7.1.2 Post-Employment Relationships

A former Board member, General Manager, Executive Manager, or department supervisor cannot represent, for compensation, any non-governmental entity before the Agency for a period of one year after leaving office or employment. This means to actively support or oppose a particular decision in a proceeding by lobbying in person to the executive managers or employees of the Agency, and to members of the Board of Directors. This does not apply to representation for a not-for-profit charitable entity or government entity before the Agency.

#### 7.1.3 Incompatible Offices

Any Board member being considered for election to, or appointment at, another public entity, the duties of which may require action contrary or inconsistent with the interest of the Agency, may

request an opinion from the Legal Counsel, Attorney General of the State of California, or the California Fair Political Practices Commission, whichever may be applicable as to the compatibility of the offices.

## **7.2 Ethics and Anti-Harassment Training**

### 7.2.1 Ethics Training

AB 1234 requires elected or appointed officials who are compensated for their service or reimbursed for their expenses to take two hours of training in ethics principles and laws every two years. Those who enter office after January 1, 2006, must receive the training within a year starting their service. They must then receive the training every two years after that.

The training must cover general ethics principles relating to public service and ethics laws, including:

1. Laws relating to personal financial gain by public officials (including bribery and conflict of interest laws);
2. Laws relating to office-holder perks, including gifts and travel restrictions, personal and political use of public resources, and prohibitions against gifts of public funds;
3. Governmental transparency laws, including financial disclosure requirements, and open government laws (the Brown Act and Public Records Act);
4. Laws relating to fair processes, including fair contracting requirements, common law bias requirements, and due process.

### 7.2.2 Sexual Harassment Prevention Training

Existing law requires any civil or political subdivision of the state and all cities to provide at least two hours of training regarding sexual harassment to all supervisory employees, as specified.

## **7.3 Agency Ethical Philosophy**

It is Agency policy that Board members, executive managers, and employees maintain the highest standard of personal honesty and fairness in carrying out their duties. The Board members must uphold the United States Constitution, the California Constitution, and local and state laws. They must comply with both the spirit and letter of the applicable laws regulating conduct, including conflict of interest and financial disclosure requirements.

Board members should work in full cooperation with other public officials unless prohibited by law or officially recognized confidentiality of their work. This includes those Board members elected to the Board but who have not yet assumed office as a Board member.

The Board of Directors must perform its duties in accordance with rules established by the Agency, state law, federal law, and those rules and regulations established by state and federal agencies.

## **7.4 Equal Treatment**

Board members shall also refrain from abusive conduct, personal attacks upon the character or morals of other Board members, Executive Managers, Agency, employees, or members of the public. Furthermore, no Board member, Executive Manager, or Agency employee shall directly or

indirectly use or attempt to use the authority or influence of his or her position for the purpose with the intent of interfering with that person's duty to disclose improper activity.

Board members are prohibited from offering inducements to potential vendors, contractors, consultant, or other parties, to the exclusion of similar persons or firms, in hopes of obtaining reciprocal favors.

Board members shall not, in the performance of their official functions, discriminate against any person on the basis of race, religion, color, creed, age, marital status, national origin, ancestry, sex, sexual preference, medical condition, or disability.

## **CHAPTER 8: COMPLAINT PROCEDURE**

Concerns regarding a Board member's, Executive Manager's, contractor's, consultants, or vendor's ethical behavior should be reported immediately to the Agency's Legal Counsel. Concerns regarding an employee's ethical behavior should be immediately reported to the Manager of Human Resources. The ethics complaint should be used for allegations of intentional or negligent non-compliance with this Resolution, state or federal law or Agency policies.

All information relating to verbal and written complaints and investigation materials will be kept strictly confidential to the extent permitted by law.

Where practical, all complaints should be submitted in writing with substantiating documentation or through the Agency's Ethics/Fraud hotline which is noted on the Agency's web site. While complaints may be submitted anonymously, individuals are strongly encouraged to identify themselves, as this will facilitate follow-up investigation regarding the complaint.

All complaints received by Legal Counsel regarding ethical or possible illegal behavior will be reviewed by the Agency's Legal Counsel to determine the appropriate course of action. If deemed appropriate by Legal Counsel, an investigation will be commenced within fifteen (15) calendar days of receipt. If the investigation cannot be completed within fifteen (15) days, the General Counsel shall inform the employee/applicant/grievant, the respective executive manager, and the General Manager when it is anticipated that the investigation will be completed. If possible all investigations into complaints will be completed within sixty (60) days of the commencement of the investigation.

Unless it is necessary as part of the investigation to communicate with the Board of Directors, the Executive Manager, or as provided for in section 6 below, no Board Member, Executive Manager or employee is to be advised that an investigation is being conducted.

Upon completion of the investigation, Legal Counsel will find the complaint to be unsubstantiated, to be mistaken, to be malicious, or find that non-compliance has occurred. If a finding of non-compliance has occurred involving members of the Board of Directors or Executive Management, Legal Counsel will recommend appropriate action to the full Board of Directors, as permitted by the Brown Act.

If a finding of non-compliance has occurred involving a contractor, consultant, or vendor, Legal Counsel will forward a copy of the investigation to the appropriate law enforcement agency.

All records of complaints filed against a Board Member, General Manager, or a member of Executive Management are to be kept in a locked file in the Office of the Agency's Legal Counsel. All records of complaints filed against an Agency employee are to be kept in a locked file in the Office of the Manager of the Human Resources Department.