SOQUEL CREEK WATER
DISTRICT

Ethics Policy

The Soquel Creek Water District has an important mission: to provide reliable, high quality water supplies for its customers at the lowest practicable cost. The District needs the support of the communities it serves in order to be effective.

The District's officials should be dedicated to the highest ideals of integrity and accountability to continue to earn the trust, confidence and support of the public they serve.

The adoption and adherence to these written guidelines regarding the conduct of public officials provide a sound foundation on which to build public trust and confidence.
GUIDELINES for ETHICAL CONDUCT

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SECTION 1- PURPOSE AND SCOPE

The policy of the Soquel Creek Water District is to maintain the highest ethical standards for its Board members. The proper operation of the District requires decisions and policy to be made within the proper channels of governmental structure, that public office not be used for personal gain, and that board members remain objective and responsive to the needs of the public they serve. Accordingly, it is the policy of the District that Board members and District employees will maintain the highest standard of personal honesty and fairness in carrying out their duties. This policy sets forth the basic ethical standards to be followed by the Board of Directors of the Soquel Creek Water District. The objectives of this policy are to:

1. provide guidance for dealing with ethical issues,
2. heighten awareness of ethics and values as critical elements in Board members' conduct, and
3. improve ethical decision-making and values-based management.

SECTION 2 - RESPONSIBILITIES OF PUBLIC OFFICE

Public officials are subject to numerous State laws that set forth requirements for how they conduct the public's business.

Board members are obligated to uphold the Constitution of the United States and the Constitution of the State of California. Board members will comply with applicable laws regulating their conduct, including conflict of interest, financial disclosure and open government laws. Board members will strive to work in cooperation with other public officials unless prohibited from so doing by law or officially recognized confidentiality of their work.

SECTION 3 - FAIR AND EQUAL TREATMENT

Provisions of State and Federal law require that public officials abide by standards that relate to the fair and equal treatment of the public.
Board members, in the performance of their official duties and responsibilities, will not discriminate against or harass any person on the basis of race, religion, color, creed, age, marital status, national origin, ancestry, gender, sexual orientation, medical condition or disability. A Board member will not grant any special consideration, treatment or advantage to any person or group beyond that which is available to every other person or group in similar circumstances.

SECTION 4 - PROPER USES AND SAFEGUARDING OF DISTRICT PROPERTY AND RESOURCES

Public officials have a Constitutional duty to take appropriate steps to assure that District funds, documents and public property are safeguarded.

Except as specifically authorized, the California Constitution prohibits a Board member from making a “gift of public funds” by authorizing or permitting the use of District owned vehicles, equipment, telephones, materials or property for personal benefit or profit. A Board member will not ask or require a District employee to perform services for the personal benefit or profit of a Board member or employee beyond that which are available to every other person or group in similar circumstances. Each Board member must protect and properly use any District asset within his or her control, including information recorded on paper or in electronic form. Board members will safeguard District property, equipment, moneys and assets against unauthorized use or removal, as well as from loss due to criminal act or breach of trust.

SECTION 5 - USE OF CONFIDENTIAL INFORMATION

The Brown Act sets forth provisions that require public officials to maintain the confidentiality of certain information.

A Director is not authorized, without approval of the Board of Directors, to disclose information that qualifies as confidential information under applicable
provisions of law to a person not authorized to receive it, that (1) has been received for, or during, a closed session meeting of the Board, (2) is protected from disclosure under the attorney/client or other evidentiary privilege, or (3) is not required to be disclosed under the California Public Records Act.

This section does not prohibit any of the following: (1) 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 District, an elected official or employee, (2) expressing an opinion concerning the propriety or legality of actions taken by the District in closed session, including disclosure of the nature and extent of the allegedly illegal action, or (3) disclosing information acquired during a closed session that is not confidential information. Prior to disclosing confidential information pursuant to (1) or (2), above, however, a Board member will first bring the matter to the attention of either the President of the Board or the full Board, to provide the Board an opportunity to cure an alleged violation.

A Director who willfully and knowingly discloses for pecuniary gain confidential information received in the course of his or her official duties may be guilty of a misdemeanor under Government Code Section 1098.

SECTION 6 - CONFLICT OF INTEREST

Public officials are required to conduct the public’s business free of prohibited conflicts of interest. Conflict of interest laws and implementing regulations are highly technical, and are updated periodically.

A Board member will not have a financial interest in a contract with the District, or be a purchaser at a sale by the District or a vendor at a purchase made by the District, unless the Board member’s participation was authorized under Government Code Sections 1091 or 1091.5, or other provisions of law.

A Board member 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 Sections 81000, and following, relating to conflicts of interest.
Generally, a Director has a financial interest in a matter if it is reasonably foreseeable that the Board decision would have a material financial effect (as defined by Fair Political Practices Commission (FPPC) regulations) that is distinguishable from the effect on the public generally on (a) a business entity in which the Director has a direct or indirect investment in the amount specified in FPPC regulations; (b) real property in which the Director has a direct or indirect investment interest, with a worth in the amount specified in FPPC regulations; (c) a source of income of the Director in the amount specified in FPPC regulations, within 12 months before the Board decision; (d) a source of gifts to the Director in an amount specified in FPPC regulations within 12 months before the Board decision; or (e) a business entity in which the Director holds a position as a director, trustee, officer, partner, manager or employee. An “indirect interest” means any investment or interest owned by the spouse or dependent child of the Director, by an agent on behalf of the Director, or by a business entity or trust in which the Director, or the Director’s spouse, dependent child or agent, owns directly, indirectly or beneficially a 10 percent interest or greater.

An elected official will not accept honoraria, or gifts that exceed the limitations specified in the Fair Political Practices Act or FPPC regulations. Board members will report all gifts, campaign contributions, income and financial information as required under the District’s Conflict of Interest Code and the provisions of the Fair Political Practices Act and FPPC regulations.

If a member of the Board 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 procedure will be followed: (a) if the Director becomes aware of the potential conflict of interest before the Board meeting at which the matter will be discussed or acted on, the Director will notify the District’s General Manager and/or the District’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 not possible for the Director to discuss the potential conflict with the General Manager and/or the District’s legal counsel before the meeting, or if the Director does not become aware of the potential conflict until during the meeting, the Director will immediately disclose the potential conflict during the Board meeting, so that there can be a determination whether it is a disqualifying conflict of interest; and (c) upon a determination that there is a disqualifying conflict of interest, the Director (1) will not participate in the discussion, deliberation or vote on the matter for which a conflict of interest exists, and (2) leave the room until after the discussion, vote and any other disposition of the matter is concluded, unless the matter has been placed on the portion of the agenda reserved for uncontested
matters or the Board member has been advised that a specific FPPC exemption applies, both of which will be so noted in the Board minutes. A Board member will not recommend the employment of a relative by the District. A Board member will not recommend the employment of a relative to any person known by the Board member to be bidding for or negotiating a contract with the District.

A Board member who knowingly asks for, accepts or agrees to receive any gift, reward or promise thereof for doing an official act, except as may be authorized by law, may be guilty of a misdemeanor under Penal Code Section 70.

Effective July 1, 2006, no Board member who leaves office with the District may represent another person or entity before the Board of Directors for one year after leaving office. This prohibition is very broad and covers any appearance before the Board of Directors or one of its committees or any written or oral communication with the District for the purpose of influencing any type of decision. This prohibition is the same as that for certain state officers. The limited exceptions are for the former Board member to represent him or herself; represent another person or entity without compensation, or where the former Director is an employee, officer or Director of another public agency, and represents that other public agency.

SECTION 7 - SOLICITING POLITICAL CONTRIBUTIONS

Government Code Section 3205 prohibits an agency officer or employee from soliciting political funds or contributions from other officers or employees of the public agency.

Board members are prohibited from soliciting political funds or contributions at District facilities or from District employees. (Solicitations for political contributions from officers or employees of the District, if part of a solicitation made to a significant segment of the public that may include officers or employees of the District, are not prohibited.) A Board member will not knowingly directly or indirectly solicit political contributions from District employees or officers or from consultants, contractors or vendors who have a material financial interest in a contract or other matter while that contract or other matter is pending before the District. A Director will not use the District’s seal, trademark, stationery or other indicia of the District’s identity, or facsimile
thereof, in any solicitation for political contributions contrary to state or federal law.

SECTION 8 - INCOMPATIBLE OFFICES

Another aspect of a prohibited conflict of interest is simultaneous holding of two incompatible public offices, unless simultaneous holding of the offices is compelled or expressly authorized by law.

When public offices are incompatible, the public officer forfeits the first office upon taking the second.

Under Government Code Section 1099, offices are incompatible under any of the following circumstances:

Either office may audit, overrule, remove members of, dismiss employees of, or supervise the other office or body;

Based on the powers and jurisdictions of the offices, there is a possibility of a significant clash of duties or loyalties between the offices;

Public policy considerations make it improper for one person to hold both offices.

Incompatible offices do not apply to positions on government bodies that are solely advisory, or to positions of employment; however, the Attorney General has repeatedly held that certain positions, such as general manager of a water district and city manager, are public offices.

Government Code Section 53227 prohibits an employee of a special district from taking office as an elected or appointed member of the Board of the same special district unless he or she resigns as an employee.
SECTION 9 - BOARD MEMBER-GENERAL MANAGER RELATIONSHIP

A sound working relationship between the Board and management is essential to the success of the District.

The Board sets policy for the District. The District’s General Manager (a) has full charge and control of the construction, maintenance and operation of the water system and other facilities of the District, (b) has full power and authority to employ and discharge employees and assistants, consistent with District policy and other provisions of law, (c) prescribes the duties of employees and assistants, consistent with District policy, and (d) fixes and alters the compensation of employees and assistants, subject to approval by the Board. The General Manager also acts as Treasurer and has the authority to appoint the District’s Assistant General Manager whose duty will be to install and maintain a system of auditing and accounting that will completely and at all times show the financial condition of the District in accordance with generally accepted accounting principles and legal requirements. The Board will retain and periodically review the work of an auditor as an independent contractor of the District who will report to the Board, to conduct an annual audit of the District’s books, records and financial affairs.

The District’s General Manager serves at the pleasure of the Board. The Board will provide policy direction and instructions to the General Manager on matters within the authority of the Board by majority vote of the Board during duly convened Board meetings. Members of the Board will deal with matters within the authority of the General Manager through the General Manager, and not through other District employees. Members of the Board will refrain from making requests directly to District employees (rather than to the General Manager) to undertake analyses, perform other work assignments or change the priority of work assignments. Members of the Board may request non-confidential, factual information regarding District operations from District employees.
SECTION 10 - REPORTING OF IMPROPER ACTIVITIES; PROTECTION OF “WHISTLE BLOWERS”

State and Federal laws protect the rights of “whistleblowers.”

The General Manager has primary responsibility for (1) ensuring compliance with the District’s Policy and Procedures Manual, Employees’ Handbook, and Memoranda of Understanding with the various labor groups, and ensuring that District employees do not engage in improper activities, (2) investigating allegations of improper activities, and (3) taking appropriate corrective and disciplinary actions. The Board has a duty to ensure that the General Manager is operating the District according to law and the policies approved by the Board. Board members are encouraged to fulfill their obligation to the public and the District by disclosing to the General Manager to the extent not expressly prohibited by law, improper activities within their knowledge. Board members will not interfere with the General Manager’s responsibilities in identifying, investigating and correcting improper activities, unless the Board determines that the General Manager is not properly carrying out these responsibilities.

A Board member will not directly or indirectly use or attempt to use the authority or influence of his or her position for the purpose of intimating, threatening, coercing, commanding or influencing any other person for the purpose of preventing such person from acting in good faith to report or otherwise bring to the attention of the General Manager or the Board any information that, if true, would constitute: a work-related violation by a Board member or District employee of any law or regulation, gross waste of District funds, gross abuse of authority, a specified and substantial danger to public health or safety due to an act or omission of a District official or employee, use of a District office or position or of District resources for personal gain, or a conflict of interest of a District Board member or District employee.

A Board member will not use or threaten to use any official authority or influence to effect any action as a reprisal against a District Board member or District employee who reports or otherwise brings to the attention of the General Manager any information regarding the subjects described in this section.
SECTION 11 - COMPLIANCE WITH THE BROWN ACT

State law requires that public agencies comply with the Brown Act and its open meeting provisions.

The members of the Board of Directors, and persons elected but who have not yet assumed office as members of the Board, will fully comply with the provisions of the State's open meeting law for public agencies (the Brown Act).

SECTION 12 - DIRECTORS’ COMPENSATION AND EXPENSE REIMBURSEMENT

The general standard for reimbursement of expenses is “reasonable and necessary.”

The members of the Board of Directors will fully comply with the provisions of the Board’s “Policy on Directors’ Compensation and Expense Reimbursement” as set forth in this section.

Compensation for Attendance at Conferences and Meetings
Board members will be compensated at the daily rate determined by the Board consistent with applicable law for attendance at meetings of the Board, including committee meetings, and for attendance at conferences and organized educational activities that are open to the public at which topics of general interest to the public or to public agencies are discussed. Directors will also be entitled to per diem compensation for attendance at the following meetings and occurrences that constitute performance of official duties rendered as a member of the Board:

Meetings of other public agencies whose activities affect the District;

Meetings of joint powers authorities of which the District is a member;

Meetings with state or federal elected officials to discuss legislation sought by the District;
Meetings of city and county governments, LAFCO, Regional Water Board;

Meetings of organizations of which the District is a member, including ACWA;

as well as each day’s service rendered as a member of the Board as approved in advance by the Board; provided, however, that pursuant to Water Code Section 20202, such compensation will not be paid for more than a total of ten days in any calendar month. Such compensation will be provided in addition to reimbursement for any actual and necessary expense for meals, lodging and travel incurred in attending any conference, meeting or other activity authorized by this written policy. Reimbursement will be paid only if the Board member submits a written form that sets forth the date, location and nature of the meeting or occurrence sufficient to document that the activity meets the reimbursement requirements of this policy, and gives a brief report of the meeting or occurrence at the next Board meeting following the event.

In order for a Board member to be paid a lawfully-established per diem for a meeting, or for reasonable and necessary travel time to and from a meeting, the meeting must be: (1) a “meeting” as defined in subdivision (a) of Government Code Section 54952.2 of the Brown Act; (2) committee meetings of the public agency; or (3) a conference or organized educational activity conducted in compliance with subdivision (c) of section 54952.2 of the Government Code; or (4) other meetings or activities specifically listed in this section.

Directors’ Expenses
1. **General Principles.** Each member of the Board of Directors is encouraged to participate in those outside activities and organizations that in the judgment of the Board further the interests of the District. Expenses incurred by Board members in connection with such activities are reimbursable, where authorized in advance.

The following rules apply:

a. All expenses must be actually incurred and necessary for the performance of the Directors’ duties, and Directors shall exercise prudence in all expenditures.

b. This policy is intended to result in no personal gain or loss to a Director.

c. Reimbursement will be made only for expenses that qualify as reimbursable expenses under an Internal Revenue Service Accountable Plan or District established schedule.

d. The most economical mode and class of transportation reasonably consistent with scheduling requirements will be used. In the event a more expensive class of transportation is used, the reimbursable amount will be limited to
the cost of the most economical class of transportation available. Reimbursement for use of personal vehicles will be at the applicable IRS-approved rate or District established schedule.

e. Expenditures for food and lodging will be moderate and reasonable. An IRS Accountable Plan or District established schedule allow payment of fixed amounts to cover the daily cost of meals and lodging (depending on the city in which the meeting is held) as an alternative to reimbursing for the actual amount of the expenditure.

f. Upon incurring these expenses, Directors may submit a request for reimbursement, accompanied by evidence of payment of such expenses or receipts for all amounts, consistent with the requirements of an IRS Accountable Plan or District established schedule.

g. All requests for reimbursement will be submitted to the District’s Board (or its designee) within 10 days after the expenses were incurred or expenditures made. Requests for reimbursement will be submitted, where possible, on forms provided by the District, and will (1) state the District-related purpose for the expenditure, and (2) be accompanied by receipts evidencing each expense or other documentation deemed satisfactory by the Board or its designee, consistent with the requirements of an IRS Accountable Plan or District established schedule. Expenditures that are improper or otherwise not properly accounted for, or not consistent with the prohibition against gifts of public funds set forth in the California Constitution, will not be reimbursed or accepted by the District. Where such improper expenses have been paid by the District, they will be promptly refunded to the District or deducted from monies otherwise due a Director.

h. To implement the reporting requirements of Government Code Section 53065.5, the District will prepare a list of the amount and purpose of each expense reimbursement in excess of $100 made to each Director for the preceding fiscal year, which will be presented at a meeting of the Board and available to the public.

i. Officials will be reimbursed for actual telephone and fax expenses incurred on district business. Telephone bills should identify which calls were made on district business. For cellular calls, when the district official has a particular number of minutes included in the official’s plan, the official can identify the percentage of calls made on public business.

2. Travel / Transportation Expenses.
The most economical mode and class of transportation reasonably consistent with scheduling needs and cargo space requirements must be used, using the most direct and time-efficient route. Directors will be reimbursed for expenses, incurred in traveling to and from conferences, meetings and other events that are attended on behalf of the District in their capacity as Directors. Travel expenses will include round-trip airfare, actual reasonable expenses for ground
transportation to and from airports and hotels (including tips), car rental, and or mileage reimbursement (at the maximum allowable per mile rate established from time to time by the IRS or District established schedule) for use by Directors of privately owned vehicles in the conduct of District business. Reimbursement for tips shall be 15% of the full cost actually incurred.

3. **Overnight Accommodations.**

No reimbursement claim or request for overnight accommodations will be approved for expenses incurred within the District’s service area, except upon prior approval of the Board. Reasonable accommodation expenses (or at the daily rate as specified pursuant to an IRS Accountable Plan or District established schedule) will be reimbursed only for authorized personnel, and such expenses, including transportation, meals or incidental, will not be reimbursed for guests or family members of the authorized personnel. Where reasonably possible, accommodations will be obtained in proximity to the conference or meeting site. The eligible reimbursement amount for accommodations will be up to the established “conference group rate” identified by the conference/meeting organizer.

4. **Meal Expenses.**

Reimbursement will be provided for meals while a Director is attending meetings, conferences or other activities authorized under this policy. Meals that are part of the meeting, conference or activity, will be reimbursed at the actual cost. Other meal expenses actually incurred, including tips, will be reimbursed, when accompanied by receipts, or at the daily per meal rate as specified pursuant to an IRS Accountable Plan or District established schedule. No reimbursement will be allowed for alcoholic beverages.

5. **Use of District/Agency Credit Cards.**

While it is discouraged, if a Board authorizes Board members to be supplied with a credit card issued in the District’s name, it is to be used only for District business. Credit card expenses must be reasonable and necessary to the furtherance of District business. Each credit card statement will be reviewed by the General Manager or Assistant General Manager and statements totaling in excess of $300 will be reviewed by the Board.

6. **Telephone/Fax/Cellular.**

Officials will be reimbursed for actual telephone and fax expenses incurred on District business. Telephone bills should identify which calls were made on District business. For cellular calls when the official has a particular number of minutes included in the official’s plan, the official can identify the percentage of calls made on public business.
7. Airport Parking.
Long-term parking should be used for travel exceeding 24-hours.

8. Reports to Governing Board.
At the following regular district governing body meeting, each official shall briefly report on meetings attended at District expense. If multiple officials attended, a joint report may be made. Reports may be written or oral, but in the event a written report is submitted, the Director shall give a brief oral summary of the report.

In connection with all issues arising out of compensation and expenses, it is appropriate that elected directors pose this series of questions.
- Does the law allow me to use public resources in this manner?
- How does this particular expenditure benefit the public’s interest as opposed to my own personal interest?
- Is my motivation for an expense a desire to personally curry favor with the would-be beneficiary of an expense?
- How would I feel if a particular expenditure were reported in the local newspaper? How about a political hit piece?
- How would my next-door neighbor feel about my spending his or her tax dollars this way? Would he or she feel resentful?
- Am I making a spending decision out of a sense of reward or entitlement?

SECTION 13 - CHANGES IN COMPENSATION

Increases in compensation are acted on in a public meeting prior to the change.

Changes in the per diem compensation of Board members will require the approval of the Board during an open meeting of the Board, in accordance with the provisions of Ordinance 921. Changes in the maximum rates for reimbursement of expenses shall be made by resolution at a public meeting of the Board of Directors.
SECTION 14 - CANDIDATE'S STATEMENT

False or misleading information in Candidate’s Statement.

A Board member will not include false or misleading information in a candidate’s statement for a general District election filed pursuant to Section 13307 of the Elections Code.

SECTION 15 - VIOLATION OF ETHICS POLICY

Board members are entitled to due process regarding allegations of wrongdoing.

An actual or perceived violation of this policy by a Board member should be referred to the President of the Board or the full Board of Directors for investigation and consideration of any appropriate action warranted. A violation of this policy may be addressed by the use of such remedies as are available by law to the District, including but not limited to: (a) adoption of a resolution expressing disapproval of the conduct of the Board member who has violated this policy, (b) injunctive relief, or (c) referral of the violation to the District Attorney and/or the Grand Jury.