

# New Ethics Policy on Gifts

<b>Basic Rule</b>	<b>Employees must not accept gifts from “Restricted Sources”</b>
<b>Restricted Source</b>	<ul style="list-style-type: none"><li>✓ <b>Has a contract with MWD</b></li><li>✓ <b>Seeks a contract with MWD</b></li><li>✓ <b>Seeks or receives financial support from MWD</b></li></ul>
<b>Exceptions</b>	<ul style="list-style-type: none"><li>✓ <b>Modest food and beverages at work events</b></li><li>✓ <b>Nominal items (mugs, T-shirts, etc.)</b></li><li>✓ <b>Limited to \$50 value per year per donor</b></li></ul>
<b>More Details</b>	<ul style="list-style-type: none"><li>✓ <b>Admin. Code language below</b></li><li>✓ <b>Contact Ethics Office for advice: (213) 217-5832 or <a href="mailto:EthicsOffice@mwdh2o.com">EthicsOffice@mwdh2o.com</a></b></li></ul>

## § 7122. Additional Gift Limits and Compensation Restrictions.

(a) No Metropolitan employee shall accept any gift from a donor who the employee knows is a restricted source. This limitation shall not apply to modest food or beverages provided during a work-related event or items of nominal intrinsic value, so long as the total value does not exceed \$50 in a calendar year from a single source.

(b) Metropolitan employees shall not receive, directly or indirectly, any compensation from any source, except from Metropolitan, for performance of their duties as Metropolitan employees.

“**Restricted source**” means 1) any non-governmental individual or entity that seeks or receives financial support from Metropolitan, and 2) any contractor, as that term is defined in subdivision (d). (Section 7103(q).)

“**Contractor**” means any non-governmental individual or entity providing goods, services, or other consideration through a contract with Metropolitan, or any non-governmental individual or entity seeking such a contract. For purposes of Division VII only, “Contractor” includes subcontractors and subconsultants. (Section 7103(d).)

November 23, 2021

# ETHICS FACT SHEET—Gifts from Vendors and Others

## Gifts to Metropolitan Employees

Section §7122 of the *Ethics Code*<sup>1</sup> outlines Metropolitan’s restrictions on gifts. This guide helps to explain how this ethics rule applies. The scenarios below are examples and do not represent a complete list of situations.

### The Basic Rule

At Metropolitan, employees are not allowed to accept gifts from any *restricted source*. A *restricted source* is a person or entity doing business with Metropolitan, as described below.

### What is a Gift?

In general, a gift is anything of value that provides a personal benefit to the recipient.<sup>2</sup> Gifts offered to employees commonly include meals, tickets to sporting or entertainment events, gift baskets during the holidays, or **travel expenses** such as airfare or lodging.

### Scenarios:

1. You are attending a national water industry conference. One of the engineering firms at the conference invites you to a large group dinner at a restaurant. The dinner is a good opportunity for networking and learning about the industry. When the bill comes, the firm pays for the entire table. **Is the dinner a gift?**

**Yes.** Food and beverages are common types of gifts to public officials. However, you can ask for a separate check and submit the cost as a reimbursable travel expense. By taking this measure, you will prevent a work-related networking opportunity from unintentionally creating an Ethics Code violation. Or, if you reimburse the hosting firm for the meal cost within 30 days, it is not a gift.

2. You work with a consultant on an engineering project. During the holiday season, the consultant sends you a gift basket of fruit. **Is the fruit basket a gift?**

**Yes.** The fruit basket is considered a gift to you, even if you share it with coworkers. Accepting the fruit basket is not a gift if you return it to the donor or donate the basket to a qualified charity (such as a food bank). You can thank the consultant for the gift and tactfully let them know that Metropolitan’s gift rules do not allow you to accept it.

3. A prospective vendor offered to cover your travel expenses for viewing their production facility in another state. **Are these travel expenses a gift?**

**Yes.** Travel expenses are a type of gift. The regulations for gifts of travel are complex. If you are taking the trip as part of your job, then you should request authorization for Metropolitan to pay the costs.

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<sup>1</sup> In these guideline summaries, the term *Ethics Code* is synonymous with Metropolitan’s *Administrative Code Division VII*.

<sup>2</sup> At Metropolitan, we follow the regulations established by the California Fair Political Practices Commission (FPPC) for what constitutes a gift. An excellent reference document is FPPC’s [Limitations and Restrictions on Gifts, Honoraria, Travel and Loans](#) for local government officials.

# ETHICS FACT SHEET—Gifts from Vendors and Others

**30-day grace period:** An accepted item is not a gift if, within 30 days, a public official either returns the item to the donor, pays the donor for the value of the item, or donates the item to a qualified charity.

**Note:** Sharing or passing the item to others does not prevent it from being a gift to the original recipient.

## Restricted Sources

Metropolitan’s gift policy prohibits employees from accepting any gift from a *restricted source*. In general, any person or entity that does business with Metropolitan, receives funding from Metropolitan, or is seeking business or funding is a *restricted source*. Examples are:

- Commercial entities (vendors, contractors, or professional consultants doing or seeking business with Metropolitan).
- Non-profit organizations seeking funding or financial support from Metropolitan (for example, a water industry association or environmental protection group).

### Scenario:

You know that Jones Construction will submit a bid to perform work on a Metropolitan project. Jane Smith is the project lead for Jones Construction. Jane Smith invites you to attend a Lakers game at the company’s expense.

**Are Jones Construction and Jane Smith restricted sources?**

**Yes.** They are restricted sources because you know they are seeking work from Metropolitan.

## Exception—nominal items related to work

The *Ethics Code* (§7122) allows a limited exception to this rule, described as: “...*modest food or beverages provided during a work-related event or items of nominal intrinsic value, so long as the total value does not exceed \$50 in a calendar year from a single source.*”

### Scenario:

Metropolitan has awarded a contract to Smith Company for a project. You are having an all-day meeting at Smith’s offices. Smith orders sandwiches, chips, and sodas for the group for a working lunch. During the day, Smith passes out note pads and coffee mugs bearing the company logo. **Can you accept these items?**

**Most likely, yes.** Smith is providing a simple meal during a work-related event. The notepads and coffee mugs are of nominal value. The total value of the items is less than \$50. If Smith provided the same lunch multiple times in the course of a year, then it would exceed the \$50 limit and would not be allowed.

## We are Here to Help

If you run into a situation where you don’t know whether you can accept something, or whether you should return something you already received, reach out to the Ethics Office for advice and assistance.<sup>3</sup>

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<sup>3</sup> Please note this fact sheet only addresses Metropolitan’s limits on gifts from restricted sources. Metropolitan has additional gift limits and reporting requirements in the *Ethics Code* that mirror state gift laws.