

**ATTACHMENT**  
**Conflict of Interest Code**  
**of the SBMTD**

# 2016 Santa Barbara Metropolitan Transit District Conflict of Interest Code

## Sec. 1 Purpose and Applicability.

As a governmental institution, the Santa Barbara Metropolitan Transit District (“District”) must be vigilant in its protection of the public trust. **Public officials** are bound to observe the highest standards of performance and to discharge faithfully the duties of their office, regardless of personal considerations. The members of the Board of Directors hold office for the benefit of the public and their offices must not be used for the purpose of private gain. This Conflict of Interest Code (“Code”) is intended to prescribe standards of conduct designed to ensure the honesty and integrity of those **persons** governing the operation of the **District**.

*The Political Reform Act, Government Code section 81000, et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, California Code of Regulations, title 2, section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference, and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of California Code of Regulations, title 2, section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission, along with the attached Appendix in which officials and employees are designated and disclosure categories are set forth, are hereby incorporated by reference and constitute the Conflict of Interest Code of the Santa Barbara Metropolitan Transit District. Nothing set forth herein is intended to be inconsistent with the regulations adopted by the Fair Political Practices Commission.*

## Sec. 2 Definitions.

Unless expressly defined herein or in Appendix A, the definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (2 Cal. Code of Regs. sections 18100, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this Code. Terms defined in Appendix A hereto are printed in **bold type** in this Code.

## Sec. 3 Public Official.

As used herein “**public official**” means members and alternates of the Board of Directors, **designated employees of District**, and **consultants to and contractors of District** required to file disclosure statements pursuant to this Code.

Sec. 4            Statements of Economic Interests.

- Sec. 4.1            **Designated Employees.** The persons holding positions of General Manager, Assistant General Manager, and Procurement Officer are **designated employees**. All such employees have senior management positions. It has been determined that these individuals make or participate in decisions which may foreseeably have a material effect on **financial interests**.
- Sec. 4.2            **Place of Filing.** All members of the Board of Directors and all **designated employees** shall file statements of economic interests with the Secretary of the Board of Directors. The Secretary shall review all statements and, after consultation with **District** General Counsel, report to the Board of Directors any potential conflicts noted in the statements.
- Sec. 4.3            **Time of Filing.** Statements shall be filed according to the following schedule:
- Sec. 4.3.1        **Initial Statements.** All members of the Board of Directors and all **designated employees** employed by **District** on the effective date of this Code shall file statements within 30 days of that effective date. Thereafter, each person already in a position subsequently designated by an amendment to this Code shall file an initial statement within 30 days after the effective date of the amendment.
- Sec. 4.3.2        **Assuming Office Statements.** All persons assuming **designated employee** positions after the effective date of this Code shall file statements within 30 days after assuming the designated position.
- Sec. 4.3.3        **Annual Statements.** All **designated employees** shall file statements no later than April 1<sup>st</sup> of each calendar year.
- Sec. 4.3.4        **Leaving Office Statements.** All persons who leave **designated employee** positions shall file statements within 30 days after leaving office.
- Sec 4.4            **Statements for Persons Who Resign Prior to Assuming Office**
- Sec. 4.4.1        Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming officer statement, is not deemed to have assumed office of left office, provided he or she did not make or participate in the making of, or use his or her position to influence

and decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such **persons** shall not file either an assuming or leaving office statement.

Sec. 4.4.2 Any **person** who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

(1) File a written resignation with the appointing power; and

(2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision, or receive, or become entitled to receive, and form of payment by virtue of being appointed to the position.

Sec. 4.5 Contents of Statements.

Sec. 4.5.1 Contents of Initial Statements. Initial statements shall disclose any reportable **investments, interest in real property, income** and business positions held on the effective date of the Code and **income** received during the 12 months prior to the effective date of the Code.

Sec. 4.5.2 Contents of Assuming Office Statements. Assuming office statements shall disclose any reportable **investments, interest in real property, income** and business positions held on the date of assuming office, and **income** received during the 12 months prior to the date of assuming office.

Sec. 4.5.3 Contents of Annual Statements. Annual Statements shall disclose any reportable **investments, interest in real property, income** and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the Code or the date of assuming office, whichever is later.

Sec. 4.5.4 Contents of Leaving Office Statements. Leaving office statements shall disclose reportable **investments, interest in real property, income** and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

Sec. 5            Manner of Reporting.

Statements of economic interests shall be made on Form 700, attached hereto as Appendix B, and shall contain the following information:

- Sec. 5.1            **Investment and Real Property Disclosure.** When an **investment** or an interest in real property is required to be reported, the statement shall contain the following:
- Sec. 5.1.1            A statement of the nature of the **investment** or interest.
  - Sec. 5.1.2            The name of the business entity in which each **investment** is held, and a general description of the business activity in which the business entity is engaged.
  - Sec. 5.1.3            The address or other precise location of the real property.
  - Sec. 5.1.4            A statement whether the fair market value of the **investment** or **interest in real property** equals or exceeds Two Thousand Dollars (\$2,000.00), exceeds Ten Thousand Dollars (\$10,000.00), exceeds One Hundred Thousand Dollars (\$100,000.00), or exceeds One Million Dollars (\$1,000,000.00).
- Sec. 5.2            **Personal Income Disclosure.** When personal **income** is required to be reported, the statement shall contain:
- Sec. 5.2.1            The name and address of each **source of income** aggregating Five Hundred Dollars (\$500.00) or more in value, or Fifty Dollars (\$50.00) or more in value if the **income** was a **gift**, and a general description of the business activity, if any, of each source.
  - Sec. 5.2.2            A statement whether the aggregate value of **income** from each source, or in the case of a loan, the highest amount owed to each source, was One Thousand Dollars (\$1,000.00) or less, greater than One Thousand Dollars (\$1,000.00), greater than Ten Thousand Dollars (\$10,000.00), or greater than One Hundred Thousand Dollars (\$100,000.00).
  - Sec. 5.2.3            A description of the consideration, if any, for which the **income** was received.
  - Sec. 5.2.4            In the case of a **gift**, the name, address and business activity of the donor and any intermediary through which the **gift** was made; a description of the **gift**; the amount or value of the **gift**; the travel

destination for purposes of a gift that is a travel payment, advance, or reimbursement and the date on which the gift was received.

Sec. 5.2.5 In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.

Sec. 5.3 Business Entity Income Disclosure. When income of a business entity, including income of a sole proprietorship, is required to be reported, the statement shall contain:

(1) The name, address and a general description of the business activity of the business entity; and

(2) The name of every person from whom the business entity received payments if the filer's pro rata share of the gross receipts from such person was equal to or greater than ten thousand dollars (\$10,000.00).

Sec. 5.4 Business Position Disclosure. When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

Sec. 5.5 Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office statement, if an investment of an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

## Sec. 6 Standards Of Conduct for Public Officials.

There are numerous laws and regulations which govern the conduct of public officials and which are applicable to District. When in doubt as to the applicability of any law or regulation or provision of this Code to any particular situation, the potentially affected person should request an advisory opinion from counsel to District. All persons subject to this Code shall be familiar with its provisions, including the following provisions which govern the conduct of all public officials:

Sec. 6.1 Public officials shall disqualify themselves from making, or participating in the making of, or in any way attempting to use their official position to influence, a governmental decision which they know or have reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a

member of his or her immediate family or on:

- Sec. 6.1.1 Any business entity in which the **public official** has a direct or indirect **investment** worth Two Thousand Dollars (\$2,000.00) or more.
- Sec. 6.1.2 Any **interest in real property** in which the **public official** has a direct or indirect interest worth Two Thousand Dollars (\$2,000.00) or more.
- Sec. 6.1.3 Any **source of income**, other than **gifts** and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating Five Hundred Dollars (\$500.00) or more in value provided to, received by or promised to the **public official** within 12 months prior to the time the decision is made.
- Sec. 6.1.4 Any business entity in which the **designated employee** is a director, officer, partner, trustee, employee, or holds any position of management.
- Sec. 6.1.5 Any donor of, or any intermediary or agent for a donor of, a **gift** or **gifts** aggregating Four Hundred Twenty Dollars (\$420.00) or more provided to, received by, or promised to the **designated employee** within twelve months prior to the time when the decision is made.
- Sec. 6.2 **Public officials** shall not be financially interested in any contract made by them in their official capacity. They shall not be purchasers at any sale or vendors at any purchase made by them in their official capacity. A contract made in violation of provision within Section 6 of this Code may be voided by the Board of Directors.
- Sec. 6.3 **Public officials** shall not engage in any employment or activity for compensation which is inconsistent or incompatible or in conflict with his or her duties as a Board member or employee (that is, which would interfere with the official's ability to carry out official duties or exercise independent judgment on behalf of the public interest). **Public officials** shall not engage in outside employment or provide services for compensation where any part of those efforts will be subject to approval by the Board of Directors, or any other board, officer or employee acting on behalf of **District**.
- Sec. 6.4 No **public official** shall participate in a **governmental decision** in which he or she has a close personal interest which would tend to impair the

exercise of independent judgment in the public interest.

- Sec. 6.5 No **public official** shall hold another public office where the two offices are incompatible.
- Sec. 6.6 No **public official** of the **District** may solicit or accept, either directly or indirectly, any gift, gratuity, loan, or other item or service of value if either the discharge of his or her official duties would be influenced or he or she has been, is presently, or may in the near future be involved in any official act or action directly affecting the donor or lender.
- Sec. 6.7 Invitations, received from bidders or other parties involved in a pending procurement, for business lunches, parties, or similar functions shall be declined. This is intended to avoid any situation which may give an appearance of improper influence in **District** procurement activities.
- Sec. 6.8 No **public official** shall accept any honorarium from any source, if the **public official** would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Government Code section 89506.
- Sec. 6.8.1 No **public official** shall accept gifts with a total value of more than ~~\$360~~ \$420 in a calendar year from any single source, if the **public official** would be required to report the receipt of income or gifts from that source on his or her statement of economic interests.
- Sec. 6.9 Notwithstanding the above, this section shall not apply to the following:
- Sec. 6.9.1 An occasional non-pecuniary gift of nominal value accepted in the ordinary course of a business meeting.
- Sec. 6.9.2 Unsolicited advertising or promotional material of nominal intrinsic value.
- Sec. 6.9.3 A gift, gratuity, favor, loan, or other thing of value when circumstances make it clear that an obvious long-standing social or family relationship, rather than a business relationship, is the motivating factor.
- Sec. 6.10 No **public official** or **designated employee** shall disclose or otherwise use confidential information acquired by virtue of his or her position or employment with the **District** for his or her or another person's private



gain. No Board member shall reveal information received in a lawful closed session unless such information is required by law to be disclosed.

Sec. 7 Legally Required Participation.

No public official of District shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. The fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this section.

Sec. 8 Prohibitions Against the Use of Public Office for Personal Gain.

No public official of District shall use for personal gain or advantage, District facilities, equipment, supplies, personnel or other things of value or his or her position or office to secure, for personal benefit, gifts, special privileges or exemptions.

Sec. 9 Conduct When There May Be a Financial Interest.

Public officials shall conduct themselves as follows whenever the Board member, employee or consultant has, or may have, a financial interest in making or participating in the making of, any governmental decision:

Sec. 9.1 Board of Directors' member: Unless his or her participation is legally required, when the matter comes up on the agenda, the Director shall disclose his or her interest, refrain from participating in any way in the decision making process, and withdraw from the room if the subject is being discussed in a closed session.

Sec. 9.2 During any contract formation, a Director may not have any financial interest in any contract made by the District. Board of Directors are conclusively presumed to be involved in the making of all contracts under their Board's jurisdiction. Any contract made when a Director has a financial interest will be void. Disclosure of any financial interest and disqualification of the Director from contract formation will not prevent the creation of a void contract. Directors may engage in contract formation only when: (1) they have no financial interest; (2) they have a remote interest, (3) they have a noninterest; and/or (4) the contract involves a necessity.

Sec 9.3 If designated employee has a remote interest, that employee shall not be deemed to be to have a financial interest in a contract entered into by the District if the fact of that interest is disclosed to the body of the Board of Directors, and is noted in the official records, and thereafter the Board of

Directors authorizes, approves, or ratifies the contract in good faith by a vote of its membership sufficient for the purpose without counting the vote of the **designated employee** with the **remote interest**.

Sec. 9.4 **Employees:** The employee shall immediately report the nature of the matter and the existence of a conflict to his or her superior so that the work may be assigned to another employee.

Sec. 9.5 **Consultants:** The **consultant** shall immediately report the nature of the matter and the existence of the conflict to the General Manager, who shall determine the action to be taken.

Sec. 10 Contact with Vendors, Bidders, and Proposers.

Prior to the issuance of a procurement solicitation, informational and research contacts with prospective vendors may be made for the purpose of gathering needed data. However, in making such contacts, **District** employees, officers, and agents shall avoid any commitment, or implication thereof, of a possible future contract.

Accordingly, requests for substantial complimentary services or supplies which may imply an obligation on the part of **District** shall be avoided. Also to be avoided are requests for testing services, product samples or demonstrations, and free trips to examine vendor products. Whenever a procurement is in process, e.g., during the solicitation, evaluation, negotiation, and award phases, all contacts with potential contractors or vendors shall be made through the Procurement Officer.

Sec. 11 Incompatible Uncompensated Activities.

Sec. 11.1 **Public officials** may participate in outside activities for which they are not compensated, but are discouraged from participating in such non-compensated activities when any of the following subsections applies:

Sec. 11.1.1 The activity involves a substantial commitment of time that interferes with the **public official's** ability to timely discharge his or her official duties.

Sec. 11.1.2 The activity involves matters which come regularly before the Board and would create a substantial conflict between private interest and the exercise of Board authority in the public interest.

Sec. 11.2 A director may disqualify himself or herself in matters coming before the Board where the director concludes that participation would create the appearance of a conflict of interest.

Sec. 12 Penalties for Violation.

This Code has the force and effect of law. **Designated employees** violating any provision of this Code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Government Code sections 81000-91015. In addition, failure to adhere to the provisions of this Code shall constitute a violation of **District** policy and shall subject the violator to disciplinary action up to and including termination as deemed appropriate by the **District** General Manager and/or Board of Directors. Any decision affected by a violation of the disqualification provisions of this Code has occurred may be set aside as void.

Sec. 13 Transportation Passes and Discounts.

Other than indicated below, the **District** may not grant, and Directors and/or **designated employees** may not receive, free passes or discounts for transit. The acceptance of a pass or discount by a **public official**, other than a Public Utilities Commissioner, shall work a forfeiture of that office. The Board of Directors or other employees may receive passes or discounts if such passes or discounts are provided to assist or enable them to perform a part of their official duties.

Sec. 14 Post Employment Restrictions.

Sec. 14.1 Post Employment Restriction for Board Members. The **District** shall not employ or retain under contract for compensation any individual who has served as a Board member within the previous two years. No Board member who leaves his or her office and accepts a position of employment with, or as a contractor or **consultant** for, a current or future **District** contractor/**consultant** may participate in a project or provide any goods or services to the **District**, through the contractor or **consultant**, for a period of two years.

Sec. 14.2 Post Employment Restrictions for Employees. No employee who leaves his or her **District** position and accepts a position of employment with, or as a contractor or **consultant** for, a current or future **District** contractor (**consultant**, vendor, developer, etc.) may participate in a project or provide any goods or services to the **District** through the contractor, for a period of two years. The General Manager may, when it is in the overall best interests of the **District**, make exceptions in the case of employees who have retired.