

# ORO LOMA SANITARY DISTRICT POLICY AND STANDARD PROCEDURE

No: IV.B.6  
Adopted: 05/07/02  
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## **SUBJECT: COMPENSATION, TRAVEL AND MEETINGS, BENEFITS, AND POST-RETIREMENT MEDICAL BENEFITS PROCEDURES FOR MEMBERS OF THE BOARD OF DIRECTORS**

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I. **POLICY:** It is the policy of the District to provide compensation, benefits, post-retirement medical benefits, and reimbursement of expenses associated with business travel to members of the Board of Directors, in accordance with governing law and the provisions outlined in this document.

II. **RESPONSIBILITIES:** It is the individual responsibility of elected Directors to comply with this procedure as it relates to Federal and State laws, rules, and regulations as they apply to requesting payment for compensation for Director meeting attendance. It is the responsibility of each Director and the General Manager to ensure compliance with this procedure.

III. **PROCEDURE:**

### A. **DIRECTOR COMPENSATION & REIMBURSEMENT**

1. **COMPENSATION:** Standard Board meeting compensation shall be paid to Directors attending authorized business-related meetings. Compensation shall be limited to one meeting per day with a maximum of six meetings per month, as provided by Section 6489 of the Health & Safety Code. Pursuant to Oro Loma Sanitary District Ordinance No. 42-2, and as approved by motion of the Board of Directors on December 2, 2008, effective January 1, 2009, Directors' compensation for services rendered shall be \$260 for each day's service rendered by request of the Board, as defined by Section 6489 of the Health & Safety Code.

a. **Annual Compensation Adjustment:** On January 1st of each year succeeding January 1, 2005, as allowed for in Oro Loma Ordinance No. 42-2, the meeting compensation for Directors shall be reviewed by the Board.

2. **"SERVICE RENDERED" DEFINED FOR PURPOSES OF ORO LOMA SANITARY DISTRICT AND THIS PROCEDURE:** "Service Rendered" shall be defined as those instances when a Director has attended a meeting, and such attendance was "pre-approved" by the Board of Directors.

3. **MEETINGS CONSIDERED "PRE-APPROVED":** The District shall adhere to Government Code Sections 53232 through 53232.4 when dealing with issues of

Director compensation and reimbursement. Attendance at the following entitles a Director to be eligible to receive compensation (subject to stated limitations):

- a. A meeting of the legislative body (meetings of the Board of Directors); or
  - b. A meeting of an advisory body, including meetings of the standing Board Committees; or
  - c. A conference or organized educational activity conducted in compliance with Government Section 54952.2(c), including but not limited to ethics training required by Government Code Section 53234, and meetings of the Alameda County Special Districts Association (ACSDA).
  - d. Conferences of the California Association of Sanitation Agencies (CASA), including meetings associated with service to the CASA Executive Board.
4. **MEETINGS REQUIRING “PRE-APPROVAL”:** Attendance by Directors at meetings or activities not specified in Paragraph #3 above (e.g. Ad Hoc, ceremonial community events or organized tours to review new processes or technologies related to the District’s business, etc.), require specific pre-approval by the Board of Directors in order to qualify as service rendered. However, the Board of Directors has the authority to retroactively approve, in a public meeting, a Director’s compensation for attending such a meeting in instances where pre-approval is not possible due to timing or other unforeseen circumstances, and a request for compensation is made by the Director to the Board in a timely manner.
5. **REQUEST FOR BOARD MEMBER COMPENSATION:** Directors shall complete, sign and submit a time sheet requesting payment only for those meetings for which service was rendered as defined in this procedure. Compensation paid by the District to Directors will be limited to one meeting per day with a maximum of six meetings per calendar month, as detailed in Section 6489 of the Health and Safety Code.
6. **COMMUNICATION EXPENSE REIMBURSEMENT:** The District will reimburse each Director for the monthly cost of internet service or other communication access up to \$40/month. This amount is direct reimbursement for the costs incurred and paid by the Director for services and access related to their internet service or other communication access. Upon the Director requesting the reimbursement and providing a copy of the invoice for the service, said reimbursement shall be paid to the Director through the District’s petty cash system.

Additionally, upon request from the Director, the District shall provide an electronic device (laptop or tablet) for use by the Director in the course of conducting District business. The electronic device shall be the property of the District and shall be returned to the District upon the Director’s retirement, resignation, or end of term. The value of the electronic device shall not exceed \$800.

7. **TRAVEL AND MEETINGS REIMBURSEMENT:** Directors’ expenses while traveling on District-related business, such as attending meetings and functions, seminars, training sessions, conferences and tours (“meetings and functions”) will be reimbursed by the District, provided that attendance has been pre-approved by the Board for those meetings and functions requiring pre-approval. In the event that pre-

approval is not possible due to timing or other unforeseen circumstances, a Director may request the Board's post-approval for attending a District-related meeting. For the purposes of expense reimbursement only, participation in local, civic activities, meetings or events (e.g. Homeowners' Associations, San Leandro Chamber of Commerce, etc.) is pre-approved by virtue of the Directors being expected by ratepayers to represent the District at such activities within the community.

Records of all expenses related to the Directors' travel/training shall be maintained in accordance with the requirements of the Umberg Act (AB 1542).

In addition to compensation, as provided by Sections III.A.1-4 above, expenses related to meetings and functions attendance by Directors shall include the following:

- a. **Registration:** The District shall be responsible for processing conference registration and payment of fees for Directors. Should the Director bring guests to the conference, all costs associated with the guests shall be the responsibility of the Director.
- b. **Transportation.**
  - i. When travel by air is the most reasonable method of transportation, the District shall pay Directors, via reimbursement, airfare and appropriate ground transportation or rental car expenses to and from the meeting. For Directors choosing to use private vehicles, reimbursement will be the amount of single passenger coach airfare plus car rental and airport parking, or the current mileage allowance provisions of the Internal Revenue Service, whichever is less (see Section III.A.7.b.ii for mileage calculation). If more than one Director attends the same meeting, carpooling is recommended.

In order for staff to make the travel arrangements, the Directors must inform the District Secretary of their desired itineraries on a timely basis. Should staff make airline reservations, only refundable tickets will be reserved. Travel expenses paid by personal credit card are fully reimbursable by the District upon receipt of appropriate supporting documentation (e.g. airline receipts, receipts from rental car, travel agencies, and/or tax-cab companies).

- ii. For local transportation, District vehicles may be used. If a District vehicle is not available, or if a Director chooses to drive his/her own personal vehicle, he/she shall be reimbursed based upon the current mileage allowance provisions of the Internal Revenue Service. To drive a privately owned vehicle or a District vehicle on District business, Directors must possess valid California driver's licenses, and carry liability insurance as required by CSRMA.

For purposes of mileage reimbursement, the District will use the number of miles between the Director's residence and the meeting

location, or between the District office and the meeting location, whichever is less. If more than one Director attends the same meeting, carpooling is recommended. If Directors are involved in automobile accidents while on District business, the District will reimburse Directors for any insurance deductible, up to \$500.00.

- iii. The District shall pay for costs associated with necessary rental of cars. If the automobiles are kept beyond the last day of the meeting, the Director shall pay the costs for that additional rental. Luxury or premium vehicles may not be rented for official District business.
- c. **Lodging.** Directors are entitled to one night's lodging for each day's out-of-town attendance at a meeting, unless otherwise authorized by the Board. The District will make hotel reservations for CASA conferences on behalf of attendees, but they will be responsible for paying the hotel bill upon departure. If requested by the Director, the District shall assist in making hotel reservations for other conferences, seminars or meetings. The District will reimburse lodging expenses upon submittal of appropriate receipts. Additional lodging for Directors requires approval by the Board. If additional lodging is authorized, supporting documentation of the cost must be attached to an expense voucher, and reimbursement will be made up to the amount of designated hotel charges only.
- d. **Meals.** The District shall reimburse Directors for the **actual cost of meals** incurred while attending pre-approved meetings and functions outside of the District boundaries, and for travel prior to or after authorized meetings, to a maximum of \$75 per day. Pursuant to California State Law, Directors are not eligible for per diem meal allowances, and must submit receipts in order to obtain reimbursement. Alcoholic beverages costs shall not be reimbursed. No receipts are required for tips paid with meals purchased.
- e. **Miscellaneous.** Miscellaneous conference expenses such as cab fares, tips, business-related phone calls, internet access and parking fees shall be reimbursed by the District based upon the submittal of a Conference Expense Form. Receipts shall be obtained and submitted when reasonably possible. Expenses up to \$75, incurred by Directors while attending pre-approved one-day meetings or functions (parking fees, bus and/or cab fares, BART fares, meal expenses), shall be reimbursed through the District's payroll system or via petty cash.
- f. **Reimbursement - Conference Expense Form.** This form shall be completed by Directors for reimbursement of all meeting and function-related expenses, including travel, lodging and transportation. All expenses paid by the District shall be made on the claim form. This form should be submitted to the District Secretary within two weeks following the meeting or function, and must provide detailed information on the expenses associated with the meeting or function. In addition, substantiating receipts for all expenses in excess of \$25.00 shall be included. The form must be

signed by the Director submitting the claim. Reimbursement will be processed through the District's payroll system.

- g. **Public Disclosure of Expense Reimbursement.** The "Accounting" copy of the Expense Form shall be forwarded to the Accounting Department for the purpose of maintaining reports necessary to comply with the Umberg Act (AB 1542). An annual report listing District expense reimbursements to Directors will be provided to the Finance & Insurance Committee for review by February 28 of each year for the prior calendar year.
- h. **Reports.** Attendance at meetings and/or functions of two days or more shall be included in the Monthly Activity Reports.

## B. ACTIVE BENEFITS

1. **401(A) PLAN:** The District has established a 401(a) Money Purchase Plan and Trust through ICMA Retirement Corporation for its Directors. For those Directors electing to participate in the Plan, the District will contribute into their Plan accounts the following:
  - a. A percentage of annual compensation equal to the percentage of salary paid to the Management Group as stipulated in the then current Management Resolution and as may be amended from time to time; and
  - b. An additional \$0.50 for each \$1.00 voluntarily contributed by the Director, up to a maximum additional District contribution of \$750 per calendar year, per Director; and
  - c. The Director's ICMA Program requires that each Director contribute 25% of their annual compensation, or the maximum amount allowable by law. Therefore, each Director participant in this Plan shall contribute from his/her salary, the difference between the required maximum annual contribution and the amount contributed by the District on their behalf as outlined in paragraphs a & b above.
2. **CALPERS RETIREMENT:** Directors first elected prior to January 1, 1995, and pursuant to a written contract with the Public Employees Retirement System (CalPERS), are eligible to participate in the District's retirement plan. If so enrolled, the District shall contribute into each eligible Director's CalPERS account the appropriate percentage/amount based on his/her salary.

Contributions made pursuant to this Section shall be reported to CalPERS as "employee contributions being made by the contracting agency". The District will not treat these contributions as compensation subject to income tax withholding unless the Internal Revenue Service and/or the Franchise Tax Board determines that such contributions made to CalPERS by the District on behalf of the Board member are taxable income.

Each Director is solely and personally responsible for any federal, state or local tax liability that may arise out of the implementation of this Section or any penalty that may be imposed therefor.

*Directors first elected after January 1, 1995, are currently not eligible for the CalPERS retirement benefit, in accordance with CalPERS rules and legal requirements.*

3. **PARS ALTERNATE RETIREMENT SYSTEM:** The Directors first elected after January 1, 1995, who are ineligible to participate in the Public Employees Retirement System (CalPERS), shall be enrolled in the PARS Alternate Retirement System, as an alternative to Social Security. The program provides for mandatory pre-tax contributions, currently 6.2% of compensation contributed by the Director, and 2.2% contributed by the District.
4. **UNEMPLOYMENT INSURANCE AND SDI:** In accordance with the California Unemployment Insurance Code (CUIC) Section 634.5(c), elected officials are not subject to unemployment insurance and state disability insurance (SDI) withholdings.
5. **ACTIVE MEDICAL BENEFITS FOR DIRECTORS:** Directors, their spouses or eligible dependents, as defined by CalPERS, are eligible to be enrolled in the District's medical, dental, and vision insurance plans and, if so enrolled, the District shall pay up to 100% of the highest two-party CalPERS Public Employees Medical and Hospital Care Act (PEMHCA) plan premiums. Directors enrolled in Board-approved medical plans other than Oro Loma's are entitled to reimbursement of healthcare premiums up to one-half of the Kaiser one-party rate in effect. Reimbursement shall be processed upon the District receiving proof of payment. The District shall pay up to 100% of the two-party dental and vision coverage premiums under the District's dental and vision plans. The Directors shall not participate in the District's life insurance program or in the District's Flexplan.

Upon the Director's separation of services from the District, or death of the Director, applicable COBRA coverage will be offered to eligible dependents as required by law.

#### **C. POST-RETIREMENT MEDICAL BENEFITS**

**Definition:** "Retirement" is defined as being no less than 50 years of age, having been a member of the Board for a minimum total service of 12 years, and been a member of the California Public Employees Retirement System (CalPERS) for no less than five years, and by: a) Applying for retirement with an effective retirement date prior to the expiration of 120 days from separation, or b) A member of the Board who has already retired through the CalPERS System.

1. If Directors who were **first elected after January 1, 1981, retired prior to January 1, 1995, and served a total of 12 years on the Board**, elect to carry other health insurance, reimbursement for out-of-pocket medical insurance premiums for the

Director and his/her spouse will be made directly to the retired Director in an amount not to exceed the highest-cost two-party CalPERS Public Employees Medical and Hospital Care Act (PEMHCA) plan on a monthly basis. Proof of out-of-pocket medical insurance plan premium expenses is required on an annual basis. These benefits, according to current income tax regulations, are subject to income tax withholding. At the end of the calendar year, a 1099 Miscellaneous Form will be issued.

2. If Directors who were **elected after January 1, 1981 and prior to January 1, 1995, served a total of 12 years on the Board, and retire after January 1, 1995**, are enrolled in the District's medical program through PEMHCA at the time of retirement from the District, the District will pay up to 100% of the two-party premium (based on enrollment status) of the medical plan of his/her choice available through PEMHCA. Said monthly cost for the plan selected shall be paid by the District directly to CalPERS for the retiree, his/her spouse to whom he/she is married to at the time of retirement from the District or his eligible dependents, as defined by CalPERS. At present, these benefits are not subject to income tax withholding.

Said health benefit will be modified downward to reflect any deletion(s) occurring, such as divorce, the death of a retiree's spouse or dependent, or dependent child losing his/her PERS eligibility status at the end of the month in which this change in status occurs.

As a cost-saving measure, if Directors in this category are Medicare Program eligible, and elect to carry health insurance other than that provided by the District, the District will, upon written request of the retired Director, reimburse said Director for out-of-pocket medical costs paid directly by the Director or others on his behalf, his spouse's behalf or eligible dependent's behalf, and which are not reimbursed or credited by others. Medical costs eligible for reimbursement include health insurance premiums, health insurance deductibles, co-payments, and costs for prescribed medication, dental insurance and other allowable expenses for Director, spouse and/or eligible dependent as defined in the medical reimbursement benefits plan guidelines used by the District. Total annual reimbursement of all costs will be made directly to the retired Director in an amount not to exceed the highest annual cost for a two-party PEMHCA Supplement to Medicare plan, as applicable to the retired Director's age, marital or family status. The reimbursement benefit will be modified downward to reflect any deletion(s) occurring, such as divorce, the death of a retiree's spouse, or death of a dependent, or dependent child losing his/her PERS eligibility status at the end of the month in which this change in status occurs. Proof of out-of-pocket medical related expenses is required. Reimbursement to the Director shall be made on a regular basis by the District's Accounting Department through the accounts payable system. These benefits, according to current income tax regulations, are subject to income tax withholding. At the end of the calendar year, a 1099 Miscellaneous Form will be issued.

3. Directors first elected after January 1, 1995 are currently ineligible for CalPERS retirement benefits, and therefore ineligible for post-retirement medical benefits.

Upon the death of a retired Director, District-paid medical coverage will continue for dependents that are eligible to receive a continuing annuitant pension benefit through PERS Retirement and PEMHCA regulations. For those Directors under the reimbursement plan, reimbursement will be reduced to pay the actual cost of the premium for one-party coverage.

For those Directors first elected after January 1, 1995, COBRA coverage will be offered upon separation from the District to the Director and/or covered dependents, as required by law.

Adopted 5/07/02

Amended by J. Warner and A. Simion on 01/11/16

Reviewed by Personnel/Safety/Public Information Committee on 01/28/16

Approved by Board on 02/02/16