

## **FINANCE OFFICER'S REPORT**

**September 29, 2006**

TO: Board of Directors

FROM: Suha Kilic, Finance Officer

SUBJECT: **District Directors Compensation and Expense  
Reimbursement Policy**

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### **ISSUE**

Enclosed draft policy has been presented for Board's consideration in an effort to clarify the District's policies relating to: 1) compensation of Directors for attendance at various meetings and, 2) how directors and staff may be reimbursed for travel, lodging, meals and other reasonable and necessary expenses incurred while conducting District business.

The draft policy conforms to the State Law which provides limitations on the amounts and types of services directors can be compensated for, as well as procedures to follow to receive compensation and expense reimbursements. The major change from the current policy is that the new draft policy includes a \$100.00 per day compensation provision for Directors for attending organized educational or training activities, or conferences relating to the Board's responsibilities. The Board may choose to approve that provision as drafted, or change the compensation amount, or remove it entirely.

### **RECOMMENDATION**

Review, and after making changes consistent with the State law and you deem appropriate to the draft policy, adopt Resolution No. 06-22 which establishes a policy for compensation of Directors and reimbursement of business-related expenses.

### **DISCUSSION**

Government Code sections 61047 and 53232.1 authorize the District to pay compensation not exceeding \$100.00 for each day's service for a maximum of six days in a month to its directors. The law further specifies that the compensation may be provided for attending District Board meetings, organized educational activities and conferences as well as for representing the District in other meetings specified in an adopted written policy. To be eligible for compensation, any director's attendance at a meeting --other than District's own Board meeting-- or any educational activity, the attendance has to be approved by the Board in a previous Board meeting, and the attending director(s) has to provide a written report to the Board regarding the activity at the next Board meeting.

The District's current policy provides compensation to the directors for five activities. The amounts of compensation for these activities were determined in 1993 and have remained the same since then. Directors are compensated \$100.00 for attending District Board meetings and Carmel Area Wastewater District (CAWD) Board meetings. One-half the regular compensation, or \$50.00, is provided to the directors for representing the District at the Reclamation Project Management Committee (cost of which is reimbursed to the District). The other two activities which are compensated at \$50.00 are: the District's Defined Benefit Plan Trustees meeting (once or twice a year) and the monthly supplemental retirement plan investment committee meeting. Current trustees for both plans are Director Leo Laska and the Board appointed outside Trustee Mr. Peter McKee. A review of the background shows that the frequency and length of the meetings and anticipated amount of preparation (in relation to District Board meetings) were considered in determining the \$50.00 payment for the last three types of meetings.

A major policy issue suggested to be considered is compensation of Board members for attending organized educational activities or conferences related to the Board's responsibilities. The District has never compensated Board members for attending training programs or educational conferences, but has always reimbursed directors for reasonable and necessary out-of-pocket expenses; i.e. conference registration, materials, hotel, meals, and transportation expenses. The draft policy maintains this practice with certain limitations and guidelines prepared in accordance with the State Law. In addition, the draft policy adds the conferences and educational programs to the list of compensable activities by providing a \$100.00 compensation per day for the attending directors (see section 2060.121 (b) of the attached draft policy). It is in Board's discretion to adopt the draft policy as prepared, or change the amount of compensation for attending educational programs, or remove it from the draft policy, in addition to any other changes the Board may deem appropriate. Locally, Monterey Peninsula Water Management District provides \$110.00, and CAWD provides \$50.00 per day for their directors for attending conferences and educational activities. Monterey Regional Water Pollution Control Agency, Marina Coast Water District, Monterey Regional Park District and Monterey Regional Waste Management District do not provide compensation for those occurrences.

Enclosures: (1) Proposed Resolution No. 06-22  
(1) Draft Policy: Compensation of Directors and Expense Reimbursement

**PEBBLE BEACH COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 06-22**

**REVISING DISTRICT ADMINISTRATIVE CODE RELATING TO THE  
DISTRICT DIRECTORS' COMPENSATION AND EXPENSE REIMBURSEMENT  
POLICY  
AND RESCINDING RESOLUTIONS NO. 05-26, NO. 93-12 AND NO. 8-84.**

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**WHEREAS**, pursuant to Government Code Sections 61047 and 53232.1 the Board of Directors (“Board”) of the Pebble Beach Community Services District (“District”) may adopt policies, by ordinance or resolution, to provide limited compensation to District directors for their services including attendance in meetings and certain other activities; and

**WHEREAS**, pursuant to Government Code Sections 53232.2 through 53232.4 the Board is required to adopt a written policy for reimbursement of District directors for their reasonable and necessary expenses incurred in the performance of their duties for the District, consistent with certain specified limitations; and

**WHEREAS**, the General Manager has reviewed the District’s existing policies, and has submitted for the Board’s consideration in the attached Exhibit “A” a recommended policy that replaces the District’s Administrative Code policy numbers 2060 and 2065 with a new policy number 2060 provisions of which are consistent with the requirements of the Government Code.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Pebble Beach Community Services District as follows:

1. PBCSD Administrative Code policy number 2060 replacing policy numbers 2060 and 2065 attached hereto and incorporated herein as Exhibit "A" is hereby approved.
2. Related previous Resolutions Nos. 05-26, 93-12 and 8-84 are hereby rescinded.

**PASSED AND ADOPTED** at a regular meeting of the Board of Directors of the Pebble Beach Community Services District, Pebble Beach, Monterey County, California, duly held on **September 29, 2006**, by the following vote:

AYES: Directors:

NOES: Directors:

ABSENT: Directors:

ATTEST:

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Gary D. Hornbuckle, Board President

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Craig E. Anthony, Board Secretary

## EXHIBIT "A"

**POLICY TITLE:** Compensation of Directors and Expense Reimbursement  
**POLICY NUMBER:** 2060  
**ADOPTION DATE:** September 29, 2006

**2060.10 Purpose.** The purpose of this policy is to prescribe 1) the manner the District directors may be compensated for their services, and 2) how the directors and employees may be reimbursed for business-related expenses. The District shall adhere to Government Code Section 61047 and Sections 53232 through 53232.4 when dealing with issues of director compensation and expense reimbursement.

**2060.11 Scope.** This policy applies to all directors and employees, and its provisions regarding expense reimbursement are intended to result in no personal gain or loss to a director or employee.

**2060.12 Director Compensation.** Directors shall be entitled to receive a maximum of \$100.00 for each day of service. Meetings eligible for compensation and current compensation rates are specified in this section.

**2060.121** Directors shall be entitled to receive \$100.00 compensation for attendance at the District Board meetings. Directors shall also be entitled to receive \$100.00 compensation for attendance at the following meetings and activities provided that the Board has previously approved the director's participation and that the director delivers a written report to the Board regarding the activity attended at the next regular Board meeting:

- a) Carmel Area Wastewater District Board meetings;
- b) Organized educational or training activities and conferences conducted in compliance with Government Code Section 54952.2(c) and related to their duties as members of the District Board.

**2060.122** Directors and/or Board appointed trustees who are not employees of the District shall be entitled to receive \$50.00 compensation for attendance at the following meetings:

- a) CAWD/PBCSD Reclamation Project Management Committee meetings;
- b) PBCSD Defined Benefit Pension Plan Trustees meetings;
- c) PBCSD Supplemental Retirement Plan Investment Committee meetings.

**2060.123** A director or a Board appointed trustee shall not receive compensation for more than \$100.00 for each day of service or for more than six days of service in a calendar month.

**2060.123** The Board may from time to time amend this policy by Resolution and specify other meetings for which directors shall be compensated for attendance, including the amount of compensation for each. Directors shall not be compensated for attendance at any meetings not specified as compensable meetings by this policy.

**2060.124** Pursuant to Water Code Section 20200 et seq the Board may, by ordinance, increase the amount of compensation that may be received by directors. Any increase may not exceed an amount equal to 5%, for each calendar year following the operative date of the last adjustment, of the compensation which is received when the ordinance is adopted. Total compensation may not exceed 10 days in any calendar month.

**2060.13** Expense Reimbursement. Directors and employees are eligible to receive reimbursements for travel, meals, lodging, and other reasonable actual and necessary expenses for attending business-related meetings, public events, ceremonies, educational or training activities, conferences or seminars. The General Manager shall determine whether attendance by employees at any such event is in the best interest of the district and eligible for reimbursement of expenses. Directors must have travel requests approved in advance by the Board. Reimbursement rates shall coincide with IRS Publication 463 or any successor publication except where it may differ in this section.

**2060.131** Directors and employees shall use government or group rates which may be offered by the providers of transportation or lodging, when available.

**2060.132** Lodging and travel expenses in connection with a conference or educational activity shall not exceed the maximum group rates which may be published by the conference or activity sponsor. If the group rates are not available, comparable lodging that is consistent with the requirements of this policy shall be used.

**2060.133** The following items are ineligible for reimbursement under this policy:

- a) Personal expenses such as in-room movies or alcoholic beverages;
- b) Expenses associated with spouses and other individuals who are not District employees or directors.

**2060.134** Directors and employees will be reimbursed for use of personal vehicles at the current mileage reimbursement rate specified in IRS Publication 463. Reimbursements for air transportation will be limited to coach or economy rates.

**2060.135** Expenses that do not adhere to this policy and the IRS reimbursable rates shall not be eligible for reimbursement.

**2060.136** The District Finance Department staff shall provide expense reimbursement report forms to directors and employees who incur reimbursable expenses to document that expenses adhere to this policy. The reimbursement report forms shall be submitted within a reasonable time, but no more than 90-days after incurring the expense. All forms submitted shall be accompanied by receipts or similar documentation. Any documents submitted to request reimbursement are public records subject to disclosure under the California Public Records Act.

**2060.137** The General Manager or the District Finance Officer will review and approve reimbursement requests.

**2060.138** A director who intends to request expense reimbursement pursuant to this section shall provide a brief written or oral report to the Board regarding the meeting or the activity attended in the next regular meeting of the Board.