

SOQUEL CREEK WATER DISTRICT BOARD REIMBURSEMENT POLICY

Purpose and Scope

California state legislation (Assembly Bill No. 1234, Chapter 700, codified in Government Code §§53232 through 53232.4) requires local agencies to adopt a written policy regarding expense reimbursements paid to elected and appointed officials. The purpose of this policy is to describe how members of the Board of Directors may be compensated for their service (stipends) and to adopt and implement procedures for reimbursing Directors for actual and necessary expenses incurred by them in the performance of official District duties.

POLICY

General Rule

A Director is entitled to reimbursement for actual and necessary expenses incurred in the performance of official District duties, provided that the amount of the expenses does not exceed: (i) the reimbursement rates set forth in this policy; or (ii) the amount budgeted for such expenses. If a Director has a question regarding this policy, or whether a particular expense is reimbursable, the Director is encouraged to contact the Financial and Business Services Manager, or the Supervising Accountant before the expense is incurred.

Expense Classifications

Authorized Expenses

District funds, equipment, supplies (including letterhead), email, and staff time must only be used for authorized District business. Actual and necessary expenses incurred in connection with the following types of activities generally constitute expenses authorized for reimbursement, as long as the other requirements of this policy are met:

1. Attending District meetings of the Board, standing committees of the Board, or temporary committees of members of the Board ("meeting" means any congregation of a majority of a legislative body at the same time and location, including teleconference location as permitted by CA Government Code § 54953, to hear, discuss, deliberate, or take action on any item that is within the subject matter jurisdiction of the legislative body);
2. District Representation on outside meetings of local, regional, and state governing bodies and advisory boards attached hereto as Schedule A.

For each meeting that lists a primary representative and an alternate representative; only the primary representative may be compensated for attending the outside meeting unless the primary representative cannot attend; in which case the alternate representative may be compensated for attendance;

3. Meetings at the invitation of the District Board, Staff, or the Press lasting a minimum of one hour;
4. Participating in regional, state, and national organizations whose activities affect the Districts interests; including attendance at semi-annual conferences of the Association of California Water Agencies (ACWA);
5. Other types of events specified for reimbursement and approved by the Board of Directors in advance.

Except as set forth above, Directors shall not represent the Board of Directors at any functions or organizations without prior approval of the Board of Directors or General Manager.

Expenses Not Eligible for Reimbursement

Expenses that do not adhere to this policy or do not receive prior approval from the Board of Directors in a public meeting prior to the expense being incurred, shall not be eligible for reimbursement. Examples of personal expenses that the District will not reimburse include, but are not limited to:

1. The personal portion of any trip;
2. Political or charitable contributions or events;
3. Family expenses, including partner's or children's expenses when accompanying Director on District-related business, as well as pet-related expenses;
4. Entertainment expenses, including theater, movies (either in-room or at the theater), sporting events (including gym and golf-related expenses), or other cultural events;
5. Non-mileage personal automobile expenses, including repairs, traffic citations, insurance or gasoline;
6. Tips greater than 15% (except for gratuities e.g. shuttle drivers, airport skycaps,)
7. Alcohol, laundry service, and personal telephone calls; and
8. Personal losses incurred while on District business.

Expenses that do not adhere to this policy or do not fall within the Internal Revenue Service reimbursable parameters (Publication 463 Travel, Entertainment, Gift, and Car Expenses) , and do not receive prior approval from the Board of Directors in a public meeting prior to the expense being incurred, shall not be eligible for reimbursement. Questions regarding the propriety of a particular type of expense should be resolved before the expense is incurred.

Meeting Stipends

The Board of Directors shall, in a public meeting, establish the amount of compensation for the Board members. This shall be accomplished annually by ordinance during a regular meeting of the Board.

The Board of Directors considers compensation adjustments on an annual basis; Only changes in compensation require an ordinance.

Section 20202 of Division 10 of the California Water Code states:

“In any ordinance adopted pursuant to this chapter to increase the amount of compensation which may be received by members of the governing board of a water district above the amount of one hundred dollars (\$100.00) per day, the increase may not exceed an amount equal to 5 percent, for each calendar year following the operative date of the last adjustment, of the compensation which is received when the ordinance is adopted.

“No ordinance adopted pursuant to this chapter shall authorize compensation for more than a total of 10 days in any calendar month.”

There shall be no compensation for attending meetings or performing other duties for the District on the same day as Board of Director's meetings.

Consistent with Water Code § 20202 and prior action taken by the District and Ordinance No. 20-01, Directors may receive an amount not to exceed \$200.00 per day as a daily stipend for each day's attendance

at regular meetings of the Board, standing committee meetings, or for each day's service rendered as a Director that involves out of town travel, and \$100.00 per day for authorized service within Santa Cruz County. Such compensation is in addition to any reimbursement for meals, lodging, travel, and expenses consistent with this policy.

Individual Board members may choose to take a lesser amount or waive compensation entirely.

Reimbursement Requirements

General

To conserve District resources and keep expenses within community standards for public officials, expenditures should adhere to the following guidelines. In the event that expenses are incurred which exceed these guidelines, the cost borne or reimbursed by the District may be limited to the costs that fall within the guidelines.

AB 1234 requires that receipts be submitted for all expenses. In the event that receipts are not available, a written explanation of the circumstances as to why this is the case and the reason the expense was incurred must be provided.

All travel expenses, even if otherwise eligible for reimbursement under this policy, must relate to a trip that has been approved in advance by the Board of Directors.

Unless the Board establishes other permitted reimbursement rates for travel, meals, lodging and other actual and necessary expenses, the District will reimburse actual expenses at a rate not to exceed the U.S. General Services Administration (GSA) rate for travel, meals, lodging, and other actual and necessary expenses as established in Internal Revenue Service Publication 463, or any successor publication.

Conferences/Education

Reimbursement of expenses for attendance at an authorized conference or organized educational activity shall include any registration, attendance, tuition, materials or other similar charge of the conference organizer or activity provider.

Travel

Travel should be arranged through the District Office and charged on a District credit card. When necessary, travel arrangements may be charged on a personal credit card.

Personal credit card purchases will be reimbursed only for the actual fare and only after the trip.

Transportation

The most economical mode and class of transportation reasonably consistent with safety, scheduling needs, and cargo space requirements must be taken, utilizing the most direct and time-efficient route. Government and group rates must be used when available.

Airfare

Directors must utilize coach or tourist class accommodations and governmental airfare rates, when available. If no government or group rate is available, the Director shall make reasonable efforts to obtain the most economical airfares and the most efficient route. The air travel shall be booked as far in advance as possible; so as to receive the lowest fares. In any event, a Director shall not be entitled to reimbursement for any expenses to the extent they exceed the cost generally available to the public. When traveling by air, reimbursement shall be authorized for reasonable and actual costs and gratuities incurred for baggage handling.

Directors may at their own expense, pay to upgrade their airline accommodations.

Taxi and Shuttle Fees

Taxi or shuttle fees may be reimbursed, including a 15% gratuity per fare, when the cost of such fares is equal or less than the cost of car rental, gasoline, and parking combined, or when such transportation is necessary for time-efficiency.

Car Rental

Charges for rental vehicles may be reimbursed under this provision if it is determined that the use of a rental vehicle is more economical or efficient than other forms of transportation. In making such determination, the cost of the rental vehicle, parking, and gasoline will be compared to the combined cost of such other forms of transportation.

In the event that car rental is determined to be the most efficient or economical mode of transportation for official duties, the Director shall make reasonable efforts to obtain the most economical car rental rates. In addition to rental rates, when using a rental car, the following actual and reasonable costs shall be reimbursable: receipted gasoline, parking, tolls and insurance coverage purchased from the rental agency for physical damage to the rental car.

Automobile

Automobile mileage is reimbursed at Internal Revenue Service rates in effect at the time the mileage is incurred (see www.irs.gov). These rates are designed to compensate the driver for gasoline, insurance, maintenance, and other expenses associated with operating the vehicle. This amount does not include bridge and road tolls, which are also reimbursable. The Internal Revenue Service mileage rates will not be paid in conjunction with rental vehicles.

Lodging

Lodging expenses will be reimbursed or paid for when travel on official District business reasonably requires an overnight stay. Lodging expenses are limited to the cost of the room plus related taxes and will be reimbursed after the stay.

1 Conference/Training: When conference or training sponsors have made arrangements for lodging, Directors should stay at one of these facilities and the cost should not exceed the published maximum group rate. In the event that rooms are not available at one these facilities, Directors should stay at a comparable facility at a comparable cost, not to exceed the maximum group rate published by the sponsor. If a comparable facility is not available at the maximum group rate; the cost of lodging may exceed the group rate but may not exceed the GSA maximum lodging rate for the city/state or area of travel. Lodging rates that do not exceed the GSA maximum amount per night are presumed reasonable and hence reimbursable. Other rates must be approved by the Board.

2 Other Lodging: Directors must request government rates when available. Lodging rates that are equal to or less than government rates are presumed to be reasonable and hence reimbursable for purposes of this policy. In the event that government rates are not available at a given time or in a given area, lodging rates equal to or less than the rate shown on the GSA schedule for the city/state or area of travel will be used (see www.gsa.gov). Lodging rates that do not exceed this amount per night are presumed reasonable and hence reimbursable. Other rates must be approved by the Board.

Official overnight travel and other related expenses by Directors must be pre- authorized by the Board of Directors. In unusual circumstances where overnight travel is urgent and necessary to the District, but is unforeseen until after the previous Board meeting, the General Manager may authorize such travel with consent of the Board President.

Meals

Meals and associated expenses will be reimbursed based on actual costs, not to exceed the published GSA per diem rate for the location where the meals are purchased. Tips are not included in the per diem limits;

however, tips should not exceed 15% of the cost of the meal where reimbursement is requested. No alcoholic beverages will be paid for by the District.

When the meal function is an organized event (for example, conferences and other types of activities that fall within the list of “authorized expenditures”), the Director shall be reimbursed the amount being charged by the event organizer for the meal. The District recognizes that the per-person cost may exceed the above rates due to additional costs associated with organizing the event.

This policy recognizes that it is sometimes in the best interest of the District to provide meals for business guests during the conduct of District business and pre-authorizes Directors to make reasonable and appropriate expenditures for that purpose.

No Shows and Late Cancellations

This is meant to address the failure to attend a conference or general meeting, after expenses have been incurred for that event. Such expenses may include conference fees, prepaid hotel and airline charges. It is the Director’s responsibility to ensure that any prepaid fees are fully refunded to the District as a cash refund or vendor credit that can be applied within the next twelve months to future registration fees, travel or lodging. Vendor credits are acceptable only when it can be reasonably assumed that the District will have need to use the particular credit. An exception may be made for emergencies. A written explanation addressing the reason(s) for non- attendance shall be attached to the expense report and submitted for Board approval at a public meeting.

Telephone/Fax/Cellular

Directors will be reimbursed for actual telephone, cellular, and fax expenses incurred on District business. Telephone and cellular bills must identify which calls were made on District business.

Internet

Directors will be reimbursed for Internet access connection and/or usage fees away from home, if Internet access is necessary for District-related business. Reimbursement will not exceed the actual amount charged by the out-of-town accommodation.

Airport Parking

Long-term airport parking must be used for travel exceeding 24-hours.

Other

To the extent that actual costs incurred in the performance of official duties are reasonable and necessary but are not otherwise defined above, the Director may be entitled to reimbursement for expenses that meet the guidelines of this policy. In any event, a Director shall not be entitled to reimbursement for any expenses to the extent they exceed the cost generally available to the public.

Expense Reports

General

All expenditures, credit card expenses, and expense reimbursement requests must be submitted on an expense report form provided by the District.

Expense reports must document that the expense in question met the requirements of this policy. For example, the Director should explain whose meals were purchased, what issues were discussed and how those relate to the District’s adopted policies and priorities.

Directors must submit their expense reports within ten (10) days of an expense being incurred, accompanied by receipts documenting each expense. Restaurant receipts, in addition to any credit card receipts, are also part of the necessary documentation.

Inability to provide such documentation in a timely fashion may result in the expense being denied for reimbursement

Audits of Expense Reports

All expenses are subject to verification that they comply with this policy.

Reports to the Governing Board

Any Director, who attends a Brown Act meeting at the expense of the District, must briefly report on the meeting attended at the next regularly scheduled Board meeting. If more than one Director attends, a joint report may be made. The report may be made orally or in writing. Meetings related to matters discussed in closed session are exempt from this reporting requirement.

Compliance with Laws

Directors should keep in mind that expenditures may be subject to reporting under the Political Reform Act and other laws. All District expenditures are public records subject to disclosure under the Public Records Act.

Violation of this policy

In compliance with AB1234 (Government Code § 53232), the following are the causes of action that may be pursued for violation of this policy:

Use of public resources or falsifying expense reports in violation of this policy may result in any or all of the following: 1) loss of reimbursement privileges, 2) a demand for restitution to the District, 3) the District reporting the expenses as income to the Director to state and federal tax authorities, 4) civil penalties of up to \$1,000 per day and three times the value of the resources used, and 5) prosecution for misuse of public resources.

Health and Welfare Benefits

Health Benefits

The District contracts with CalPERS (California Public Employees Retirement System) to provide health benefits. All Directors are eligible to participate in the District's group health plan, along with their spouses and dependent children (as that term is defined in Government Code § 53205.1 of the California Government Code and the Affordable Care Act). Directors may choose single, two-party, or family coverage as appropriate. The District shall pay 90% of the premium and the Director is required to contribute 10% of the premium.

The government code does not allow Directors to receive cash payments in lieu of health benefits. The code does however, provide that the District may approve a Director's existing plan and authorize payments to reimburse the Director for the premium cost. The District will reimburse 90% of the premium. Any portion of the individual plan premium that exceeds the premium cost of the most expensive plan for which the Director would qualify through the CalPERS contract shall not be eligible for reimbursement.

Benefits after Retirement

No current Board members began service prior to January 1, 1995 so none are eligible to continue health benefits after Board service ends. Directors may elect continued coverage at their expense under the provisions of COBRA (The Consolidated Omnibus Budget Reconciliation Act).

Dental and Vision

The District contracts with ACWA JPIA (Association of California Water Agencies Joint Powers Insurance Authority) to provide dental and vision benefits and coverage is mandatory for all Directors and eligible

dependents. The District pays 100% of Dental and Vision insurance per the agreement with ACWA JPIA.

Life and Disability Plans

Directors do not receive Life Insurance or Disability Insurance other than worker's compensation.

Retirement Plan

Directors do not participate in the District's retirement program.

SCHEDULE A

Directors of the Soquel Creek Water District are authorized to represent the District and be compensated for one day's service for attending the following:

- Santa Cruz Mid-County Groundwater Agency (MGA)
- Santa Cruz Local Agency Formation Commission (LAFCO)
- Association of California Water Agencies (ACWA) Committees/Boards
- Zone 5 – Santa Cruz County Flood Control and Water Conservation District
- Meetings attended at the request of staff lasting a minimum of one hour
- Meetings with the press lasting a minimum of one hour
- Other meetings that receive prior approval by the Board of Directors in a public meeting