



Item Number 3.1 - Handout  
GM Review \_\_\_\_\_

# Agenda Summary Report

To: Board of Directors  
From: Dale McDonald, Administrative Services Manager *DM*  
(415) 526-1519 [dmcDonald@lqvsd.org](mailto:dmcDonald@lqvsd.org)  
Meeting Date: August 4, 2025  
Re: Director Benefits  
Item Type: Consent \_\_\_\_\_ Action \_\_\_\_\_ Information X Other \_\_\_\_\_.  
Standard Contract: Yes \_\_\_\_\_ No \_\_\_\_\_ (See attached) Not Applicable X \_\_\_\_\_.

## STAFF RECOMMENDATION

A matter for the Board's discussion.

## BACKGROUND

The current director's benefits program, established under Board Policy B-100, Board Member Benefits, (*Attachment 1*) provides for the District to contribute up to \$200 per month to each Director's premium insurance coverage. In-lieu of the cafeteria coverage, Director's may be reimbursed up to \$200 per month for insurance and/or health or dental expenditures.

### Historical Information

In 2000, the District implemented a director's benefits cafeteria plan. That program allowed for the following:

"Each active director at the time of passage of this additional benefits proposal will receive District health care, and or District Self Insured Dental Care, and or District Long Term Care at the sole choosing of the Director. The district will participate on behalf of each Director up to \$200 per month with each Director responsible for any cost above \$200 per month period. This proposal is reflective of what is commonly called "a cafeteria" plan where each director can make his/her own conclusions as to his/her need for anyone or all three of the plans with the understanding that the District's participation on the Director's behalf will be limited to a total of \$200 per month period."

In 2011, the Board re-evaluated the program and over several meetings considered various options. The District decided to implement a reimbursement program, updating the Board's benefits package by Resolution No. 2011-1941 on October 27, 2011, to simplify the administration of the District's benefits:

"Each active Director may receive reimbursement of up to \$200 per month for the following: health premiums of the Director pays for themselves and their dependents; and they and their dependents may participate in the District' Self-Insured Dental Care plan. Total reimbursement under the plan may not exceed \$200 per month or \$2,400 per calendar year that the Director serves on the Board. This proposal is reflective of what is commonly



called "a cafeteria plan" wherein each director can make his/her own conclusions as to his/her need for any one or all two of the covered expenses.

Reimbursement may be received by the director after submitting adequate documentation for the eligible expenses under the plan."

On March 9, 2017, Susan McGuide and Dave Byers provided an informational staff report on the program which included a legal memorandum from Patrick M.K. Richardson dated October 11, 2011 (*Attachment 2*). The minutes stated that counsel will look into the issue and report back to the Board. No action was taken.

The last documented director benefits survey found was completed in 2008.

#### Other Information

District employees are eligible to participate in a cash-in-lieu benefits program. The benefit provides that if an employee has outside health insurance coverage, the employee may opt out of the District provided health insurance and receive an in-lieu payment of \$250 per month to offset the cost of the outside health insurance. The employee must provide proof of health insurance coverage.

#### **PREVIOUS BOARD ACTION**

On October 6, 2022, the Board adopted Resolution No. 2022-2283 revising the Board Member Benefits policy.

#### **ENVIRONMENTAL REVIEW**

N/A

#### **FISCAL IMPACT**

The current cost of the program is \$12,000 annually, with a maximum expense of \$2,400 per year per director.

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#### ATTACHMENTS:

1. Board Policy B-100 Board Member Benefits, dated October 6, 2022
2. Legal Memorandum on Director's Benefits Payment, dated October 11, 2011

**B-100 BOARD MEMBER BENEFITS**

**Purpose**

This policy establishes the rules for benefits for Board Members.

**B-100-10 Insurance Choices.** Each Board Member shall receive District Health Care and/or District Self-Insured Dental Care and/or District Long Term Care group insurance coverage at the sole choosing of the Board Member. The "cafeteria" insurance arrangement allows each Board Member to select one, two, or all three of the plans to fit individual needs.

**B-100-20 Limits on Cost.** The District shall pay up to \$200 per month to provide the cafeteria premium insurance coverage for each Board Member, with each Board Member responsible to pay any costs of the coverage above \$200 per month in insurance premiums. In-lieu of the cafeteria insurance coverage, Board members may be reimbursed up to \$200/month for insurance and/or related health or dental expenditures.

**B-100-30 Eligibility.** The group insurance coverage shall be available only to "active" Board Members.

**B-100-40 Comparable Benefits.** The Board has deemed that the benefits provided to Board Members are less than the benefits provided to District employees. The Board also has determined that the benefits are comparable to benefits received by other sanitary district directors in Marin County and are in accord with the comparative responsibilities and commitment that must be made by Board Members.

**B-100-50 Notification of Changes.** Board Members must notify the District if their insurance coverage changes and it would impact their limits on cost.

Resolution No. 2022-2283	Date Approved: October 6, 2022
President of the Board	Last Reviewed: October 6, 2022

MEMORANDUM

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*CONFIDENTIAL*

*Attorney - Client Privileged Communication*

**TO:** Susan McGuire, Administrative Services Mgr.  
Las Gallinas Valley Sanitary District

**FROM:** Patrick M.K. Richardson, District Counsel

**DATE:** October 11, 2011

**RE:** Director's Benefit's Payment Issue.

**ISSUE:** Under the District's policy of reimbursing Directors for costs incurred (premiums/expenses) for Healthcare/Dental benefits, exactly what types of Health & Dental premiums/expenses are allowed?

**Short Answer:** It Depends. While the District is authorized by Gov. Code § 53205 to authorize payment of "...all, or such portion as it may elect, of the premiums, dues, or other charges for health and welfare benefits..." those payment are limited to what are also available to a large number of other employees. In other words, any reimbursement of premiums or expenses, such as co-pays or deductibles or others expenses, must also be available to other employees of the District to be allowable.

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**I. BACKGROUND:**

Board members are currently reimbursed for up to \$2,400 annually for health, dental and long-term care insurance. For this discussion, no reimbursements are made for long-term care at this time. District employees receive healthcare premium coverage at \$1,300/month under the Kaiser Family Plan (included spouse and family). Employees are also provided dental coverage under the District's dental plan which pays 80% of covered costs up to \$2,000/dependant/yr.

**II. ANALYSIS:**

**A. Empowering Legislation;**

Gov. Code § 53201 authorizes the District to provide health and welfare benefits to its Directors:

“(a) The legislative body of a local agency, subject to conditions as may be established by it, may provide for any health and welfare benefits for the benefit of its officers, employees, retired employees, and retired members of the legislative body, as provided in subdivision (b), who elect to accept the benefits and who authorize the local agency to deduct the premiums, dues, or other

charges from their compensation, to the extent that the charges are not covered by payments from funds under the jurisdiction of the local agency as permitted by Section 53205.”  
Gov. Code § 53201(a).

In addition, Gov. Code § 53205 empowers a “legislative body” to authorize payment of “all, or such portion as it may elect, of the premiums, dues, and other charges for health and welfare benefits . . .”<sup>1</sup>

**B. Limitations on Amounts of Reimbursements:**

The amount of reimbursement to a Director is limited by the ability of other employees to take part in such a reimbursement plan. Gov. Code § 53202.3, states in part:

“All plans, policies or other documents used to effectuate the purposes of this **article shall provide benefits for large numbers of employees.**”

In an Attorney General’s opinion it was determined that a city council may provide for its members during their terms of office a prepaid whole life insurance policy, provided that “[a]ny such benefit must, however, be available to large numbers of the city’s employees.” 73 Ops. Cal. Atty. Gen. 296, 1990 WL 484772.

Therefore, unless reimbursement for any benefits, such as premiums, expense, co-pays, or other expenses, are also afforded to a large group of the employees of the District, any such reimbursement to the Directors would be illegal.

1. Co-pays: Under Gov. Code § 53202.3 reimbursement of co-pays for doctors or dental visits would not be allowed as employees are not afforded the same opportunity for reimbursement.

2. Healthcare premium or out-of-pocket expense reimbursement: Since employees receive complete coverage for their healthcare, which is greater than what Directors actually receive by reimbursement for premiums or out-of-pocket expenses (other than co-pays) the reimbursement would be allowed.

3. Dental out-of-pocket expense reimbursement: Reimbursement of out-of-pocket expenses (limited to 80% of covered costs) is also afforded to employees. Therefore, such reimbursement to a Director would be allowed. In the case, where a Director did not incur covered dental expenses up to the maximum of \$2,400, the difference between the \$2,400 maximum and actual dental expenses incurred and reimbursed could be applied to reimbursement of healthcare premiums/expenses since those same premiums/expenses are also covered under the District’s plan for employees, as noted above.

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<sup>1</sup> It should be noted that a legislative body cannot merely provide cash payments to a member in lieu of providing health insurance benefits, as opposed to reimbursement for confirmed healthcare costs. See Op. Cal. Atty. Gen. No. 00-111 (May 3, 2000), 2000 WL 552166. In that case, cash payments were found to be in violation of the Education Code limitation on school board members allowed compensation.

