



May 28, 2019

TO: LOCSO Board of Directors

FROM: Renee Osborne, General Manager

SUBJECT: **Agenda Item 12A – 6/6/2019 Board Meeting**  
Discussion Regarding Director Compensation

**DESCRIPTION**

**President**

Marshall E. Ochylski

**Vice President**

Charles L. Cesena

**Directors**

Matthew D. Fourcroy

Vicki L. Milledge

Christine M. Womack

**General Manager**

Renee Osborne

**District Accountant**

Robert Stilts, CPA

**Unit Chief**

Scott M. Jalbert

**Battalion Chief**

George Huang

The LOCSO Board of Director Bylaws were reviewed and approved at the February 7, 2019 Board of Directors meeting. Staff was asked to bring back a summary regarding the Board of Director Compensation for clarification of what meetings would be compensated during the 2018/2019 fiscal year and prior years, what types of meetings are eligible for compensation, and what amount should be budgeted for the 2019/2020 fiscal year.

**STAFF RECOMMENDATION**

***Motion: I move that the Board approve the Ad Hoc Committee and Pre-Agenda meetings that were compensated in 2018-2019 and all prior fiscal years. I also recommend that the Board budget \$1,000 under GL Code 7334 Director Training, and not carry over the unused compensation to a Director Training Reserve, and amend the Bylaws where this item is mentioned.***

**OR**

***I move that the Board approve the Ad Hoc Committee and Pre-Agenda meetings that were compensated in 2018/2019 and all prior fiscal years and that the budget for Board of Director Compensation be allocated at \$\_\_\_\_\_ for approved meetings and training for the 2019/2020 fiscal year.***

**DISCUSSION**

At the Board's February 7, 2019 meeting, the amended Director Bylaws were reviewed and approved. The following are the approved meetings which Directors can request for compensation: Board of Director meetings, standing advisory committee meetings for both the Chairperson and the Vice Chairperson, LOCAC, WRAC, Fire Safe Council and Ad Hoc Committees. Each meeting paid at \$100, not to exceed \$100 in one day or \$600 in one month.

Also under discussion, was whether or not Ad Hoc Committee meetings and Pre-Agenda meetings were or should be approved and compensated by previous and current Board of Directors from past fiscal budgets. If not approved, several past and current Board of Directors will need to reimburse the District. This item needs to be clarified.

In addition, part of the Bylaws for Director Compensation includes a directive to place any director compensation declined into a "Director Training Fund". Since this item requires a large change in the Administrative Budget, staff has been directed to establish funding in the 2019/2020 budget, not the 2018/2019 budget.

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The Director Compensation budget could vary between \$20,200 to \$25,000 depending on Ad Hoc Committee participation as noted in the table below:

<b>Board Compensation Approved Meetings</b>			
Board of Director Meetings	Annual	5x12	\$6,000
Four Standing Committees (Chairperson and Vice Chairperson attendance approved)	Annual	8x12	\$9,600
Director Representation at:	LOCAC	1x12	\$1,200
	WRAC	1x10	\$1,000
	Fire Safe Council	1x12	\$1,200
	BMC	1x12	\$1,200
AD Hoc Committees (amount unknown)	?	?	
			<b>\$20,200</b>

**SUMMARY**

Staff is requesting Board direction on the following items:

**Compensation**

Section 9 Director Compensation of the 2016, 2017, 2018, and 2019 Board Bylaws and Rules of Decorum are attached. All note the same line which Directors misinterpreted.

*9.2 The District President or in his/her absence the Vice President is authorized to receive one hundred dollars (\$100.00) as compensation for each County or State agency meeting attended by him/her, when he/she determines that District representation is necessary to protect and/or advance the interest of the District or its residents/customers.*

Because of past practices and misinterpretation of the above line item, staff asked for the 2018 Bylaws to be clearer as to what meetings should be compensated.

- Should all past Ad Hoc Committee meetings and Pre-Agenda meetings be approved since there was no clear definition of what meetings were approved for compensation?
- What meetings are eligible for compensation?
- Should there be a cap on the amount put in the Directors Training Fund?
- Instead of a Directors Training Fund as per the Bylaws, should we have a budget line item for Director Training instead and amend the Bylaws?

Attached to this report is a summary from District Legal Counsel regarding the legal aspects of the questions above.

**FINANCIAL IMPACT**

Fund 100 Administration, affects all of the funds. When Board of Directors don't claim their compensations, it decreases the fund's expenditures. Therefore, the other funds pay, less saving money.

Currently, all Board of Director's utilize the CSDA training website program, free to our District. On occasion, there is a CSDA training locally, which usually costs between \$25 to \$50. The last time a Board of Director asked for out of area training was in September of 2012 and it costs \$550. If the Board chooses to have a "Directors Training Fund", the Directors Compensation line item would need to increase in order to support their goal of a "Training Fund." Amount is unknown at this time.

Attachments



May 16, 2019

**TO:** LOCSD Board of Directors  
**FROM:** Roy Hanley, District Legal Counsel  
**SUBJECT: Agenda Item 12A – 6/6/2019 Board Meeting**  
Supplemental Discussion Re Legal Questions Regarding Director Compensation

**President**  
Marshall E. Ochylski

**Vice President**  
Charles L. Cesena

**Directors**  
Vicki L. Milledge  
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Christine M. Womack

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### DESCRIPTION

At the May regular meeting of the Board of Directors, the Board asked that General Counsel answer two questions regarding Board Member compensation. The questions were posed in the context of a review and possible amendment to the Board Bylaws.

The two questions were: (1) Can the Board ratify past compensation received by a Board Member? (2) What activities can Board Members be compensated for?

### STAFF RECOMMENDATION

General Counsel does not recommend any action in regards to ratification. Other than that, this report is merely informative and supplements the General Manager's report on the Bylaws that has already been reviewed by the Board and which does contain recommendations.

### DISCUSSION

General Counsel has supplied the Board with an attorney client privileged memo on the two questions posed. Such privileged documents are not subject to disclosure under the Public Records Act.

For today's purposes the conclusions the Board should base any decision on are as follows: (1) The Board may legally ratify prior conduct if that conduct is otherwise consistent with State Law on compensation. Although the Board may do so, General Counsel recommends not taking any such action.

(2) Five different activities may constitute a day of service for which compensation may be paid. (A) Any meeting conducted pursuant to the Brown Act. This includes any regular or special meeting of the Board of Directors, meetings of Los Osos CSD advisory bodies, meeting of duly formed ad hoc committees of the Los Osos Community Services District. Please note that for meetings of Brown Act bodies, there need be no prior permission of the Board of Directors and there is no requirement that there be a subsequent report to the Board of Directors. While the formalization of presenting reports and or minutes of the advisory committee meetings may be good public policy it is not required in order for attendance at those meetings to constitute a day of service.

(B) Representation of the district at a public event, (C) representation of the district at a public meeting or hearing conducted by another public agency,

(D) representation of the district at a meeting of a public benefit nonprofit corporation and (E) participation in a training program that is directly related to the district all constitute a day of service. For these last four types of days of service the state code reads as follows: "provided that the board of directors has previously approved the member's representation (or participation) at a board of directors' meeting and the member delivers a written report to the board of directors ... at the next board of directors meeting following..." That language has never been subject to appellate court interpretation or determination. In General Counsel's opinion that language is directory and not mandatory.

A mandatory provision in the state law is that absent an ordinance adopted pursuant to Chapter 2 Division 10 of the water code increasing compensation, there is a maximum of \$100.00 per day of service, and a maximum of six days of service in a month.

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**2016 BOARD OF DIRECTORS BYLAWS AND RULES OF DECORUM**  
Amended February 4, 2016 and Adopted by Resolution 2016-02

9. DIRECTOR COMPENSATION

9.1 Each Director is authorized to receive one hundred dollars (\$100.00) as compensation for each regular, adjourned or special meeting of the Board attended by him/her and for each day's service rendered as a Director by request of the Board.

9.2 Each Director is authorized to receive fifty dollars (\$50.00) as compensation for each required training session, or other function/meeting attended by him/her as a Director at the request of the Board.

9.3 The District President or in his/her absence the Vice President is authorized to receive \$50.00 as compensation for each County or State agency meeting attended by him/her, when he/she determines that District representation is necessary to protect and/or advance the interest of the District or its residents/customers.

9.4 In no event shall Director compensation exceed \$200 per day.

9.5 Pursuant to Sections 61047 e. seq. of the Government Code, Director compensation shall not exceed \$600 in any one calendar month.

**LOS OSOS COMMUNITY SERVICES DISTRICT**  
**2017 BOARD OF DIRECTORS BYLAWS AND RULES OF DECORUM**  
Amended February 2, 2017 and Adopted by Resolution 2017-05

9. DIRECTOR COMPENSATION

9.1 Each Director is authorized to receive one hundred dollars (\$100.00) as compensation for each regular, adjourned or special meeting of the Board of Directors, each required training session, or other function/meeting attended by him/her as a Director and for each day's service rendered as a Director by request of the Board of Directors.

9.2 The District President or in his/her absence the Vice President is authorized to receive one hundred dollars (\$100.00) as compensation for each County or State agency meeting attended by him/her, when he/she determines that District representation is necessary to protect and/or advance the interest of the District or its residents/customers.

9.3 In no event shall Director compensation exceed \$100.00 per day.

9.4 Pursuant to Sections 61047 *et seq.* of the Government Code, Director compensation shall not exceed \$600.00 in any one calendar month.

9.5 Any Director who declines to receive the above compensation or any portion thereof shall have the compensation he/she is owed placed in a Director training fund that shall be used for the purpose of training Board Members in topics relevant to their service.

**LOS OSOS COMMUNITY SERVICES DISTRICT  
2018 BOARD OF DIRECTORS BYLAWS AND RULES OF DECORUM  
Amended February 1, 2018 and Adopted by Resolution 2018-04**

9. DIRECTOR COMPENSATION

9.1 Each Director is authorized to receive one hundred dollars (\$100.00) as compensation for each regular, adjourned or special meeting of the Board of Directors, each required training session, or other function/meeting attended by him/her as a Director and for each day's service rendered as a Director by request of the Board of Directors.

9.2 The District Board President or in his/her absence the Vice President is authorized to receive one hundred dollars (\$100.00) as compensation for each County or State agency meeting attended by him/her, when he/she determines that District representation is necessary to protect and/or advance the interest of the District or its residents/customers.

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**LOS OSOS COMMUNITY SERVICES DISTRICT  
2018 BOARD OF DIRECTORS BYLAWS AND RULES OF DECORUM  
Amended February 7, 2019 and Adopted by Resolution 2019-09**

9. DIRECTOR COMPENSATION

9.1 Each Director is authorized to receive one hundred dollars (\$100.00) as compensation for each regular, adjourned or special meeting of the Board of Directors, each required training session, each Standing Committee meeting of which said Director is either the Chairperson or Vice Chairperson, each ad Hoc Committee meeting, or other function/meeting attended by him/her as a Director at the direction of the Board of Directors.

9.2 The Board President or in his/her absence the Vice President is authorized to receive one hundred dollars (\$100.00) as compensation for each County or State agency meeting attended by him/her, when he/she determines that District representation is necessary to protect and/or advance the interest of the District or its residents/customers.

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