



**Hidden Valley Lake Community Services District
Personnel Committee Meeting
Tuesday February 18, 2025 –a.m.
19400 Hartmann Road, Hidden Valley Lake, Ca.**

VIRTUAL PARTICIPATION

Any member of the public wishing to make any comments may do so in person or by using the following information to participate remotely:

Go to hvlcsd.org * Select Feb 18, 2025, * Personnel Committee Meeting * Select [Join Now](#)
Meeting ID: 288 637 271 652
Passcode: k5Zb2EN7

- 1) **CALL TO ORDER**
- 2) **PLEDGE OF ALLEGIANCE**
- 3) **ROLL CALL**
- 4) **APPROVAL OF AGENDA**
- 5) **DISCUSSION AND POSSIBLE RECOMMENDATION:** Draft Board Compensation and Reimbursement Ordinance #60 and Policy
- 6) **DISCUSSION AND POSSIBLE RECOMMENDATION:** Board Member Benefits Resolution and Policy
- 7) **DISCUSSION AND POSSIBLE RECOMMENDATION:** Voluntary Healthcare Flexible Spending Account
- 8) **PUBLIC COMMENT**
- 9) **COMMITTEE MEMBER COMMENT**
- 10) **ADJOURN**

Public records are available upon request. Board Packets are posted on our website at www.hvlcsd.org/meetings . In compliance to the Americans with Disabilities Act, if you need special accommodations to participate in or attend the meeting, please contact the District Office at 987-9201 at least 48 hours prior to the scheduled meeting. Members of the public shall be given the opportunity to comment on each agenda item before the Governing Board acts on that item, G.C. 54953.3. All other comments will be taken under Public Comment.

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT
PERSONNEL COMMITTEE
STAFF REPORT**

DATE: February 18, 2025

AGENDA ITEM: Board Compensation and Reimbursement Policy

RECOMMENDATIONS: Discuss Board Compensation and Reimbursement

1. Increase Director Compensation from \$100.00 per month to \$197.99 per meeting conducted pursuant to the Ralph M. Brown Act, not to exceed six (6) meetings per month.

2. Adjust compensation by the percentage change in the Consumer Price Index (CPI-U for San Francisco) February to February Data, and applied to the first pay date in July, up to five percent (5%), and rounded to the nearest whole dollar, unless a majority of the Board declines to accept the indexed change.

FINANCIAL IMPACT:

Meeting	Frequency	Number of Board Members	Rate	Total
BOD	12	5	\$197.99	\$11879.4
FC	12	2	\$197.99	\$4751.76
PC	3	2	\$197.99	\$1187.94
EP	6	2	\$197.99	\$2375.88
Lake Use	1	1	\$197.99	\$197.99
Special/Workshop	2	5	\$197.99	\$1979.9

BACKGROUND: Since the adoption of Resolution 2011-04 Directors Compensation and Reimbursement of Expense Policy in May 2011 there has been no increase in the Directors compensation of \$100 per month. *Government Code § 61047 allows the boards, by ordinance, to compensate their members for no more than six days of service per month. Water Code § 20202 caps board compensation increases at five percent per calendar year following the date of the last adjustment.*

California Water Code section 20201, which both sets the maximum amount of compensation per meeting at \$100 but also authorizes board members to increase compensation above \$100. There are three notable restrictions on a district’s ability to do so. If a special district board can increase compensation via section 20201: (1) it must do so via ordinance, (2) the increase may not exceed 5% for each calendar year, and (3) voters may petition for a referendum on the ordinance increasing compensation. As part of the ordinance requirement, special district boards must hold a public hearing for discussion of the compensation increase and publish a notice of the hearing. Referendums may result in the ordinance appearing on a regular election or special election ballot for voter approval. If the ordinance is struck down by voters, the special district board will be prohibited from adopting a new compensation increase ordinance for at least one year.

ATTACHMENTS: *Draft Board Member Compensation and Reimbursement Policy, Draft Ordinance NO. 60 Board Member Compensation and Reimbursement*



POLICY	Compensation and Reimbursement for Board Members through Ordinance 60	
POLICY # 4206	ADOPTED: December 20, 2005	REVISION: TBD

The purpose of this policy is to establish a transparent and competitive framework for compensating Board members, aligning their financial incentives with the long-term strategic goals of the district, while ensuring responsible use of ratepayer funds and attracting and retaining qualified and dedicated individuals to serve on the Board.

4206.1 Compensation for Board Members

Within the framework identified in Ordinance 60, each member of the Board is authorized to receive compensation in the amount of One Hundred and Ninety-Seven Dollars and Ninety-nine cents (\$197.99) for each day on which they attend: a regular or special meeting of the Board; a committee meeting or hearing; District-related activities if the Director is designated as the District’s primary representative; orientations, educational activities, site visits, trainings, and briefings organized by District staff; training programs required by law for Board members; and/or water or wastewater related conferences, seminars, or educational events.

Beginning in the year 2026, and annually thereafter, the daily compensation shall adjust by the percentage change in the Consumer Price Index (CPI-U for San Francisco) February to February Data, and applied to the first pay date in July, up to five percent (5%), and rounded to the nearest whole dollar, unless a majority of the Board declines to accept the indexed change.

The maximum number of days for which a Director may receive compensation shall not exceed six (6) days in a calendar month.

4206.2 Expenses Allowed for Reimbursement.

Normally, travel will be arranged through the Board Secretary using a District issued Credit Card.

Expenditures from Directors for travel shall be allowed in general accordance with the following criteria, if satisfactory evidence is provided:

1. **Registration Fees:** A registration or similar fee charged by the organizers of any conference, convention, or meeting.
2. **Lodging:** Amounts equivalent to the cost of a standard single occupancy room at the facility at which the conference or meeting is held, or comparable nearby lodging. In instances where conference hotels are filled, the Director should attempt to secure comparable rates at a nearby hotel. Directors must make reasonable and prudent decisions regarding pre- and post-lodging arrangements for each approved event. Directors must take into consideration the event program schedule, location and travel mode, and other activities related to the Director’s duties or purpose at the event.
3. **Transportation:**



HIDDEN VALLEY LAKE

COMMUNITY SERVICES DISTRICT

POLICY	Compensation and Reimbursement for Board Members through Ordinance 60	
POLICY # 4206	ADOPTED: December 20, 2005	REVISION: TBD

- a. Air Travel: Amounts equivalent to the cost of coach class round-trip airfare from Oakland, San Jose, Sacramento, or San Francisco to an airport reasonably near the destination.
 - b. Mileage: Travel to and from the destination using a private automobile at the then applicable IRS mileage rate. When more than one District official travels in the same private automobile, allowance will be made to only the owner or lessor of the vehicle used.
 - c. Rental Car: The cost of a midsize rental car to and from, or at the destination. In the event a rental car must be utilized, the collision waiver must be added to the rental contract to cover any damage that may occur to the rental car.
 - d. Tolls and Parking: Tolls, parking, and other similar charges. Parking shall be at “non-valet” and “long-term” rates whenever available.
4. Meals: Actual and reasonable costs of meals while traveling, set by the General Services Administration (GSA) Rates based on location and fiscal year. Notification of this rate, along with a breakdown by meal, will be forwarded to the Board prior to the upcoming fiscal year. Directors shall exercise discretion in the selection of restaurants and when incurring costs for meals. No costs for any alcoholic beverages shall be eligible for reimbursement. The maximum daily reimbursement shall also be reduced by the amount associated with the meals that a Director would normally have taken on their personal behalf before departure or after their return.
5. Incidental Expenses: Reasonable incidental expenditures related to travel or the conduct of District business in amounts less than \$10 per item. These include items such as parking at meters, baggage handling, phone charges, tips for services received, and other similar expenses.

If a receipt is lost, the Director shall note this fact on their Director Expense Sheet along with a brief explanation and estimate of the expense. In such cases, copies of credit card statements and/or checking account charges that show the date and amount of the charge and the payee are acceptable substitutes. The General Manager, or designee, shall apply reasonable discretion, as supported by the evidence of the situation, and determine the actual amount to be reimbursed.

4206.3 Expenses Not Allowed for Reimbursement.

- 1) Direct or incremental expenses of family members or guests traveling with a Director, such as the added cost of upgrading a room or rental car to accommodate a non-District traveling companion.
- 2) Expenses unrelated to approved travel or event attendance. Allowable expenses as specified herein are reimbursable only for the time while the approved official



HIDDEN VALLEY LAKE
COMMUNITY SERVICES DISTRICT

POLICY	Compensation and Reimbursement for Board Members through Ordinance 60	
POLICY # 4206	ADOPTED: December 20, 2005	REVISION: TBD

activity is occurring, with reasonable allowance for the need to arrive in advance of or depart after a conference or business meeting.

- 3) Expenses occurred in connection with partisan or nonpartisan political activities or events.
- 4) Expenses not submitted for reimbursement within forty-five (45) calendar days of being incurred.
- 5) Where a required timely written report has not been submitted as required by this Ordinance.

4206.4 Payment.

The District shall pay all Board members per day for service rendered in their official capacity as provided pursuant to this Ordinance.

Board members returning from conferences or seminars for which expenses have been reimbursed shall submit a brief oral or written report to the Board at the following scheduled Board Meeting.

Every two years, Board members who receive compensation or the reimbursement of expenses are required to attend a minimum of two hours of training in general ethics principles and ethics laws relevant to their public service. New Directors must receive this training within six months of service on the Board of Directors. The District shall maintain all records relating to a Director's ethics training for at least five years. These documents are public records subject to disclosure.

Board members shall not attend a conference or training event for which there is an expense to the District if it occurs after they have announced their pending resignation or have not filed for re-election, or if it occurs after an election in which it has been determined that they will not retain their seat on the Board of Directors except as formally authorized by action of the Board of Directors.

Jim Freeman, President to the Board

Dennis White, General Manager



POLICY	Compensation and Reimbursement for Board Members through Ordinance 60	
POLICY # 4206	ADOPTED: December 20, 2005	REVISION: TBD

ATTACHMENT A

Expense Reimbursement of Board Members

The following activities shall be considered service rendered at the request of the Board of Directors and shall not require specific pre-approval by the Board to be eligible for compensation or reimbursement of expenses ("attendance" includes in-person and/or virtual/teleconference participation):

- 1) Attendance at training programs that Board members must take as required by law (e.g., ethics training and sexual harassment prevention training) located in the State of California or webinars.
- 2) Attendance at community or public outreach events held by or supported by District staff.
- 3) Attendance by any Director at meetings, conferences, seminars, educational events, regional and committee meetings and training (must be located in the State of California unless otherwise noted below) and webinars of the following agencies and organizations and their committees:
 - Hidden Valley Lake Community Services District Public Financing Authority
 - California Special Districts Association (CSDA)
 - Association of California Water Agencies (ACWA)

ORDINANCE NO. 60

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT ESTABLISHING COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR DIRECTORS

WHEREAS, Hidden Valley Lake Community Services District (“District”) may compensate its officials pursuant to the Community Services District Law, Government Code Section 61047 and Water Code Section 20200 *et seq.*; and

WHEREAS, Water Code Section 20201 authorizes the Board of Directors (“Board”) of the District to provide compensation to its members in an amount not to exceed one hundred dollars (\$100) per day for each day’s attendance at meetings of the Board, or for each day’s service rendered as a member of the Board, for not more than a total of ten (10) days in any calendar month; and

WHEREAS, Water Code Section 20202 further provides that the amount of compensation to be received by members of the Board may be increased by an amount equal to 5% for each calendar year following the operative date of the last adjustment of the compensation; and

WHEREAS, Water Code Section 20201 further provides that such compensation and/or increases thereof shall be enacted by the Board only by ordinance adopted following a public hearing; and

WHEREAS, Government Code Section 61047 and Water Code Section 20201.5 also provide that members of the Board may receive their actual and necessary traveling and incidental expenses incurred while on official business and that reimbursement for these expenses is subject to Government Code Sections 53232.2 and 53232.3; and

WHEREAS, the Board last set its compensation in Resolution 2011-04 on May 17, 2011, pursuant to Government Code Section 61047; and

WHEREAS, the Board desires to update the policy regarding Director compensation for attendance of meetings as authorized pursuant to Water Code Sections 20200 *et seq.*; and

WHEREAS, in accordance with Water Code Section 20203 and Government Code Section 6066, a public hearing was held on [] [], 2025, at []:[] p.m., and a notice of said hearing was duly published in the newspaper once a week for two weeks prior to the hearing.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Hidden Valley Lake Community Services District, as follows:

SECTION 1. ORDINANCE

(A). Purpose.

This ordinance is enacted for the purpose of establishing compensation for members of the Hidden Valley Lake Community Services District (“District”) Board of Directors (“Board”) for service rendered in their official capacity as a Director of the District.

(B). Compensation.

The daily compensation for all members of the Board of the District shall be one hundred and ninety-seven dollars and ninety-nine cents (\$197.99) per day for each day’s attendance at meetings, or for each day’s service rendered as a member of the Board.

Beginning in the year 2026, and annually thereafter, the daily compensation shall adjust by the percentage change in the Consumer Price Index (CPI-U for San Francisco) February to February Data, and applied to the first pay date in July, up to five percent (5%), and rounded to the nearest whole dollar, unless a majority of the Board declines to accept the indexed change.

(C). Official Service.

The following activities shall be considered service rendered in an official capacity that is eligible for compensation under this Ordinance:

- 1) Attendance by any Director at a meeting of the District, whether regular, special, or emergency.
- 2) Attendance by any Director at a committee meeting or hearing of the District.
- 3) Attendance at District-related activities if the Director is designated by the Board as the District's primary representative on the Hidden Valley Lake Community Services District Affiliation Listing, which shall be deemed to be approved in advance by Board action.
- 4) Attendance at orientation, educational activities, site visits, trainings, and briefings for Board member(s) organized by District staff.
- 5) Attendance at training programs that Board members must take as required by law (e.g., ethics training and sexual harassment prevention training) located in the State of California or webinars.
- 6) Attendance by any Director in their official capacity at water or wastewater related conferences, seminars, or educational events.
- 7) All other activities must be approved by the Board and compensation specifically authorized in order to be considered service rendered in an official capacity that is eligible for compensation under this Ordinance.

(D). Written Reports for Days of Service

As required pursuant to Government Code Section 61047(e)(2)-(5), a Director must timely submit a written report at the Board of Directors' meeting following a day of service or activity for which compensation under this Ordinance is sought.

(E). Number of Days.

The number of days for which the Board members may receive compensation shall not exceed six (6) days per calendar month, combined between attendance at meetings of the Board, committee meetings, or other service in their official capacity.

(F). Expenses Allowed for Reimbursement.

Expenditures of Directors for travel shall be allowed in general accordance with the following criteria, if satisfactory evidence is provided:

- 1) Registration Fees: A registration or similar fee charged by the organizers of any conference, convention, or meeting.
- 2) Lodging: Amounts equivalent to the cost of a standard single occupancy room at the facility at which the conference or meeting is held, or comparable nearby lodging. In instances where conference hotels are filled, the Director should attempt to secure comparable rates at a nearby hotel. Directors must make reasonable and prudent determinations regarding pre- and post-lodging arrangements for each approved event. Directors must take into consideration the event program schedule, location and travel mode, and other activities related to the Director's duties or purpose at the event.
- 3) Transportation:
 - a. Air Travel: Amounts equivalent to the cost of coach class round-trip airfare from Oakland, San Jose, Sacramento, or San Francisco to an airport reasonably near the destination.
 - b. Rental Cars: The cost of a midsize rental car to and from, or at the destination. In the event a rental car must be utilized, the collision waiver must be added to the rental contract to cover any damage that may occur to the rental car.
 - c. Mileage: Travel to and from the destination using a private automobile at the then applicable IRS mileage rate. When more than one District official travels in the same private automobile, allowance will be made to only the owner or lessor of the vehicle used.
 - d. Tolls and Parking: Tolls, parking, and other similar charges. Parking shall be at "non-valet" and "long-term" rates whenever available.
- 4) Meals: Actual and reasonable costs of meals while traveling, up to the U.S. General Services Administration (GSA) per diem rate. These rates GSA rates are considered on a fiscal year basis, and thus the Board will consider the updated rates when setting the yearly budget. Directors shall exercise discretion in the selection of

restaurants and when incurring costs for meals. No costs for any alcoholic beverages shall be eligible for reimbursement. The maximum daily reimbursement shall also be reduced by the amount associated with the meals that a Director would normally have taken on their personal behalf before departure or after their return.

- 5) Incidental Expenses: Reasonable incidental expenditures related to travel or the conduct of District business in amounts less than \$10 per item without receipt. These include items such as parking at meters, baggage handling, phone charges, tips for services received, and other similar expenses.

If a receipt is lost, the Director shall note this fact on their Director Expense Sheet along with a brief explanation and estimate of the expense. In such cases, copies of credit card statements and/or checking account charges that show the date and amount of the charge and the payee are acceptable substitutes. The General Manager, or designee, shall apply reasonable discretion, as supported by the evidence of the situation, and determine the actual amount to be reimbursed.

(G). Expenses Not Allowed for Reimbursement.

- 1) Direct or incremental expenses of family members or guests traveling with a Director, such as the added cost of upgrading a room or rental car to accommodate a non-District traveling companion.
- 2) Expenses unrelated to approved travel or event attendance. Allowable expenses as specified herein are reimbursable only for the time while the approved official activity is occurring, with reasonable allowance for the need to arrive in advance of or depart after a conference or business meeting.
- 3) Expenses occurred in connection with partisan or nonpartisan political activities or events.
- 4) Expenses not submitted for reimbursement with forty-five (45) calendar days of being incurred.
- 5) Where a required written report has not been timely submitted as required by this Ordinance.

(H). Payment.

The District shall pay all Board members per day for service rendered in their official capacity as provided pursuant to this Ordinance.

SECTION 2. PUBLICATION

This Ordinance shall be published once within thirty (30) calendar days after adoption in a newspaper of general circulation printed, published, and circulated in the District's jurisdiction.

SECTION 3. EFFECTIVE DATE

Pursuant to Water Code Section 20204, this Ordinance shall become effective sixty (60) calendar days from the date of its approval, which shall be [] [], 2025.

SECTION 4. PETITION TO PROTEST

As required by Water Code Section 20204, if a written petition protesting the adoption of this Ordinance is presented to the Board by [EFFECTIVE DATE], this Ordinance shall be suspended, and the Board shall reconsider this Ordinance.

SECTION 5. REPEAL AND AMENDMENT

This Ordinance supersedes all prior ordinances, resolutions, and policies on Director compensation. This Ordinance may be repealed or amended at any time in the future by a majority vote of the Board of Directors consistent with applicable law.

SECTION 6. SEVERABILITY

If any section, subsection, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Ordinance. This Board declares that it would have adopted this Ordinance and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard to whether any portion of the Ordinance would be subsequently declared invalid or unconstitutional.

SECTION 7. IMPLEMENTATION

The General Manager is hereby authorized to develop such forms and procedures as may be necessary to implement this Ordinance.

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT
PERSONNEL COMMITTEE
STAFF REPORT**

DATE: February 18, 2025

AGENDA ITEM: Board Member Benefits

RECOMMENDATIONS: Review and provide staff direction

FINANCIAL IMPACT: The District would pay 100% of the Dental and Health premiums. The estimated annual expense is based on all Directors’ enrollment and expected dependents.

The estimated annual financial impact for 2025 to the District for the Dental Plan \$4,366.68.
The estimated annual financial impact for 2025 to the District for the Health Plan \$150,309.96.

ACWA/JPIA Dental Premium		
	Monthly	Annual
Single	\$33.72	\$404.64
Plus 1	\$69.06	\$829.08
Family	\$122.90	\$1,474.80
Annual Benefit Premium		
Plus 1		\$829.08
Plus 1		\$829.08
Plus 1		\$829.08
Single		\$404.64
Family		\$1,474.80
Annual Expense		\$4,366.68

SDRMA Health Benefit Premium		
	Monthly	Annual
Single	\$1,303.98	\$15,647.76
Plus 1	\$2,610.02	\$31,320.24
Family	\$3,391.79	\$40,701.48
Annual Benefit Premium		
Plus 1		\$31,320.24
Plus 1		\$31,320.24
Plus 1		\$31,320.24
Single		\$15,647.76
Family		\$40,701.48
Annual Expense		\$150,309.96

BACKGROUND: On July 16, 2019, the Board elected by Resolution 2019-07, to contribute 5% of the Director and dependent health insurance premium, not to exceed their monthly compensation of \$100. Health premiums have continued to rise and have nearly exceeded their monthly compensation.

Rescinding the cost shares would provide the Directors and eligible dependents with the same 100% District contribution to health premium as district employees.

Staff also inquired about the ancillary plans under SDRMA, Vision and Basic Life and ADD/D coverage. Under the current MOU with SDRMA, Board Members are only eligible for medical coverage, Public Officials are not eligible to enroll in Vision or Basic Life and AD/D coverage.

Members of the Board have not been provided with the option to enroll in the District provided Dental plan in the past. Staff have met with ACWA JPIA Benefit Specialist and have confirmed Public Officials are eligible to enroll in Delta Dental Benefits under the same plan and pricing as other District active employees.

Enrollment for dental benefit requires a board resolution or letter from the General Manager that details the district will begin offering coverage to directors effective a certain date.

ACWA/JPIA Dental Plan: The District is currently on a Non-Voluntary Plan meaning the District is required to pay 100% for their eligible dependents of an employee or director who enrolls.

ATTACHMENTS: *Draft Board member Benefits Policy, Draft Board Members Benefits Resolution, Reso 2019-07Board Member 5% Cost Share*



POLICY	Board Member Benefits	
POLICY # 4207	ADOPTED:	REVISION:

4207.1 PURPOSE:

This policy outlines the benefits provided to Board Members of Hidden Valley Lake Community Services District (District) for their service on the board, acknowledging their valuable contributions while maintaining alignment with the organization's financial sustainability.

4207.2 POLICY:

Within the framework identified in Resolution 2025-02, all active members of the Board of Directors are eligible for benefits as outlined in this policy.

4207.2.1 Active members of the Board of Directors are eligible to enroll in District-sponsored group plans for health and dental benefits, and a **Flexible Spending Account (FSA)** equal to those offered to the employees of the District.

4207.2.2 Health and Dental benefits shall be offered to each active Board Member and shall be extended at the same level to their eligible dependents.

4207.2.3 Health and Dental Benefits provided to active Board Members and their eligible dependents by the District shall not exceed the level of Health and Dental Benefits provided by the District to its regular full-time employees.

4207.2.4 Active Board Members shall be able to participate in an FSA for out-of-pocket health care and dependent care expenses through the District's FSA Program. FSA accounts shall be fully funded by contributions from active Board Members' payroll, taken on a pretax basis in equal installments over the plan year.

Jim Freeman, President to the Board

ATTEST:

Dennis White, General Manager



RESOLUTION 2025-XX

RESOLUTION OF THE HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS RESCINDING RESOLUTION 2019-07 AND PROVIDING HEALTH AND DENTAL BENEFITS TO EACH ACTIVE BOARD MEMBER AND THEIR ELIGIBLE DEPENDENTS

WHEREAS, it is recognized that each member of the Board of Directors expends a considerable amount of time and effort serving on committees and attending meetings including, but not limited to, meetings of the Board of Directors; and

WHEREAS, the office of Director is a public service position and should not be considered an employment position for the purpose of generating income for the Director. This Resolution seeks to establish a reasonable and equitable package of benefits for the time and effort put forward by Board members; and

WHEREAS, the District currently pays 100% of the monthly premium for full-time employees and eligible dependents; and

WHEREAS, the District participates in the Special District Risk Management Authority (SDRMA) Group Benefits Program-Blue Shield Gold PPO and VSP Vision Plan; and

WHEREAS, the original adopted MOU with SDRMA did not include Board Members as those who would be eligible for Ancillary plans. Therefore, a vision plan is not available to members of the Board; and

WHEREAS, dental benefits provided by the District are through the Association of California Water Agencies (ACWA) for full-time employees and their eligible dependents. The District currently pays 100% of the monthly premium for the employees and all eligible dependents; and

WHEREAS, eligible employees are able to participate in an FSA for out-of-pocket health care and dependent care expenses through the District's Flexible Spending Account Program.

WHEREAS, the Board of Directors elects to receive the same Health and Dental benefits as are offered to District employees, as permitted under Government Code Section 53208.5, including medical and dental; and

WHEREAS, the District shall offer enrollment in the District Health and Dental benefits program to active Board Members to the same extent that is offered to District employees; and

WHEREAS, the Health and Dental benefits provided to active Board Members shall be extended at the same level to their eligible dependents.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Hidden Valley Lake Community Services District that;

1. Active Members of the Board of Directors are eligible to enroll in District-sponsored group plans for health and dental benefits, and an FSA equal to those offered to the employees of the District.
2. Health and Dental benefits shall be offered to each active Board Member and their eligible dependents.

3. Health and Dental Benefits provided to active Board Members and their respective family members by the District shall not exceed the level of Health and Dental Benefits provided by the District to its regular full-time employees.
4. Active Board Members shall be able to participate in an FSA for out-of-pocket health care and dependent care expenses through the District's FSA Program. FSA accounts shall be fully funded by the active Board Members' contributions from payroll, taken on a pretax basis in equal installments over the plan year.

This Resolution shall become effective on [] [], 2025, rescinding Resolution 2019-07, and shall remain in effect until modified, repealed, or superseded by further resolutions of the Board.

PASSED AND ADOPTED on [] [], 2025 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Jim Freeman
President of the Board of Directors

ATTEST:

Dennis White
General Manager, Secretary to the Board

**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT
PERSONNEL COMMITTEE
STAFF REPORT**

DATE: February 18, 2025

AGENDA ITEM: Voluntary Healthcare Flexible Spending Account

RECOMMENDATIONS: Approval of the General Manger to enter into an Agreement to TSAC to establish and maintain an H-FSA for District Employees and Board Members.

Staff recommend the H-FSA accounts are fully funded by contributions from employees and active board members payroll, taken on a pretax basis in equal installments over the plan year.

FINANCIAL IMPACT: Annual Administrative Fees based on number of enrollments

1-9 Employees	- \$600
10-19 Employees	- \$1200

BACKGROUND: At the direction of the Finance Committee Staff have researched options for an HSA, HRA and H-FSA tax advantage accounts.

The District does not meet the requirements for an HSA Plan as it requires the employer to be enrolled in a high deductible health plan (HDHP), in which the District is not.

An HRA is an employer-owned and 100% employer-funded account designed to help members bridge the gap on eligible healthcare expenses. The District offers an excellent benefit package with 100% of premium paid by the District. Staff believe this is not in the best interest of the district or financially responsible for providing this as an option.

An H-FSA (Healthcare Flexible Spending Account) provides significant savings to employees and employers. Employees set aside funds on a pretax basis to spend on qualifying healthcare expenses throughout the plan-year. Employers save on payroll taxes for every dollar of employee participation, often enough to cover the plan's cost.

ATTACHMENTS: *FSA Small Solutions Flyer, FSA Eligible Expenses, Dependent Care Qualifications*



SMALL OFFICE SOLUTIONS

Offer Your Employees Benefits for FREE

Small businesses are often like families and we know you want to take care of your people, but sometimes it can be difficult to know where to begin. Offering valuable employee benefits at no cost to your business is a great place to start.



Small Office Solutions Included Benefits

- Dependent Care Flexible Spending Account (DCFSA) • Flexible Spending Account (FSA)
- Limited Purpose Flexible Spending Account (LPFSA) • Health Savings Account (HSA)
- Limited Scope Flexible Spending Account (LSFSA)

This set of predetermined Employee Benefit Accounts have been simplified to fit with any small business and to be easy to set up and offer to your employees. Offering tax-advantaged benefit options will help you attract and retain staff members by differentiating yourself from other employers **at no cost to you the employer!**

Our Guarantee To You

We **GUARANTEE** that you will only pay the amount listed below **OR** the payroll tax savings you generated from your Small Office Solutions Plan (whichever is the lesser).

- 1-9 Employees - \$600
- 10-19 Employees - \$1,200
- 20-30 Employees - \$1,500

If you currently offer one of the benefits above we will match, or beat, the price you are currently paying

Consider this example: <small>(For illustration only)</small>	With Small Office Solutions in Place		
ABC Company has: <ul style="list-style-type: none"> • 20 Employees • Each electing a total of \$1,500 in contributions across all accounts • ABC Company does not offer benefits currently 	Payroll Tax Savings <small>(7.65%)</small> \$2,295	Plan Cost <small>(Tax Savings is more than the Administrative Fee)</small> \$1,500	Net Savings \$795

Are You Ready For Simplified Benefits?

Find out how easy it is to start offering benefits today!
Call **1-888-595-2261** or email iWantTASC@tasconline.com



Save up to 30% on eligible expenses

When you participate in a Healthcare FSA or Dependent Care FSA, you can use pretax dollars to pay for everyday expenses and reduce your taxable income. Below is a partial list of eligible expenses.

Eligible medical expenses

- Acupuncture
- Artificial limbs
- Bandages and dressings
- Birth control, contraceptive devices
- Birthing classes/Lamaze (only the mother's portion, not the coach/spouse; class must be only for birthing instruction, not child rearing)
- Blood pressure monitor
- Chiropractic therapy/exams/adjustments
- Contact lenses and contact lens solution
- Copayments
- Crutches (purchased or rented)
- Deductibles and coinsurance
- Diabetic care and supplies, including insulin
- Eye exams
- Eyeglasses or safety glasses (prescription)
- Feminine care products (pads, tampons, etc.)
- First aid kits and supplies
- Hearing aids and hearing aid batteries
- Heating pads
- Incontinence supplies
- Infertility treatments
- Lactation expenses (breast pumps, etc.)
- Laser eye surgery, LASIK
- Legal sterilization
- Medical supplies to treat an injury or illness
- Mileage to and from doctor appointments
- Optometrist's or ophthalmologist's fees
- Orthopedic inserts
- Personal protective equipment (for the purpose of preventing the spread of coronavirus; includes face masks, hand sanitizer, sanitizing wipes, etc.)
- Physical exams
- Physical therapy (as medical treatment)



- Physician's fee and hospital services
- Pregnancy tests
- Prescription drugs and medications
- Psychiatric care, psychotherapy (as medical treatment)
- Sales tax on eligible expenses
- Sleep apnea services/products (as prescribed)
- Tobacco cessation programs/deterrents (gum, patch)
- Treatment for alcoholism or drug dependency
- Vaccinations and flu shots
- X-ray fees

Eligible OTC medicines and drugs

Over-the-counter (OTC) medicines and drugs are reimbursable without a prescription. Eligible OTC products include items that are primarily for a medical purpose and are compliant with federal tax rules under IRS Code Section 213(d).

- Allergy, cough, cold, flu and sinus medications
- Anti-diarrheals, anti-gas medications and digestive aids
- Canker/cold sore relievers and lip care
- Foot care (antifungal treatments, corn/wart medication, etc.)
- Hemorrhoid creams and treatments
- Itch relief (calamine lotion, cortisone cream, etc.)
- Oral care (denture cream, pain reliever, teething gel, etc.)
- Pain relievers (Advil®, BENGAY®, Tylenol®, etc.)
- Skin care (sunscreen w/SPF15+, acne medication, etc.)
- Sleep aids and stimulants (nasal strips, etc.)
- Stomach and nausea remedies (antacids, Dramamine®, Pepto-Bismol®, etc.)
- Wound treatments/washes (hydrogen peroxide, iodine)



Use your TASC Card® to pay for eligible expenses at the point of purchase instead of paying out-of-pocket and requesting reimbursement.

Eligible dental expenses

- Braces and orthodontic services
- Cleanings
- Crowns
- Deductibles and coinsurance
- Dental implants
- Dentures and adhesives
- Fillings

Eligible dependent care expenses

You cannot use Dependent Care FSA funds for medical expenses. You can use Healthcare FSA funds for medical expenses incurred by your dependents.

- Fees for licensed day care or adult care facilities
- Before- and after-school care programs for dependents younger than age 13
- Amounts paid for services provided in or outside of your home (including babysitters or nursery school)
- Nanny expenses attributed to dependent care
- Nursery school/preschool fees
- Summer day camp (primary purpose must be custodial care and not educational in nature)
- Late pickup fees

For more information regarding eligible expenses, please review IRS Publication 502/503 at [irs.gov](https://www.irs.gov) or ask your employer for a copy of your Summary Plan Description (SPD).

Eligible disability expenses

- Automobile equipment and installation costs for a person with a disability in excess of the cost of an ordinary automobile; device for lifting a person with a mobility impairment into an automobile
- Braille books or magazines (in excess of cost of non-Braille editions)
- Note taker in school for a child with a hearing impairment
- Seeing-eye dog (buying, training and maintaining)
- Special devices, such as a tape recorder or typewriter, for a person with a visual impairment
- Visual alert system in the home or other items, such as a special phone required for a person with a hearing impairment
- Wheelchair or Autoette (cost of operating/maintaining)

Requiring additional documentation

These expenses are eligible when incurred to diagnose or treat a diagnosed medical condition only. Such expenses require a **Letter of Medical Necessity** from your medical provider explaining the medical necessity of the expense (diagnosed condition, onset of condition, etc.) and must include the provider's signature.

- Counseling or therapy
- Earplugs
- Massage treatments
- Nursing services for care of a special medical ailment
- Orthopedic shoes (excess cost of ordinary shoes)
- Oxygen equipment and oxygen
- Support hose (non-compression)
- Varicose vein treatment
- Veneers
- Vitamins and dietary supplements
- Wigs (for individual who loses hair because of a disease)



Do your dependent care expenses qualify for reimbursement?



The Dependent Care Flexible Spending Account (FSA) allows you to use pretax dollars to pay for eligible expenses related to care for your child, disabled spouse, elderly parent or other dependent so you (or your spouse) can work, look for work or attend school full-time.

Eligible expenses must meet certain criteria:

- Expenses must be **work-related**. The care must be necessary for the participant (or their spouse) to work, look for work or attend school full-time, or because they are physically unable to care for their children.
- Reimbursement during a calendar year cannot exceed **\$5,000**. In the case of a separate tax return by a married individual, the limit is \$2,500. This amount may be less if the participant's earned income or spouse's earned income is less than \$5,000.

Eligible expenses must be for the care of one or more **qualifying persons**, defined as one of the following:

- A **dependent child** who was younger than age 13 when care was provided and for whom a tax exemption can be claimed.
- A **spouse** who was physically or mentally unable to care for themselves and who lived with you for more than half the year.
- A **dependent** who was physically or mentally unable to care for themselves and for whom an exemption can be claimed, and who lived with you for more than half the year.

Special rules for children of divorced or separated parents

Even if you cannot claim your child as a dependent, they are treated as your **qualifying person** if all of the following are true:

- The child was younger than age 13, or was not physically or mentally able to care for themselves.
- One or both parents provided more than half of the child's support for the year and are divorced, legally separated or lived apart at all times during the last six months of the calendar year.
- One or both parents had custody of the child for more than half of the year.
- You were the child's custodial parent. The custodial parent is the parent having custody for the greater portion of the calendar year. If the child was with both parents for an equal number of nights, the parent with the higher adjusted gross income is the custodial parent.

A non-custodial parent who is entitled to claim the child as a tax dependent may not treat the child as a qualifying individual for the Dependent Care FSA, even when that parent is financially responsible for providing the care. Only one parent (the custodial parent) may qualify for the Dependent Care FSA benefit for a taxable year. The regulations do not provide any relief for a non-custodial parent who incurs dependent care expenses for the portion of the year in which they have custody of the child to enable the non-custodial parent to work.

Below is a partial list of eligible dependent care expenses. For more information, please review IRS Publication 503 at [irs.gov](https://www.irs.gov) or ask your employer for a copy of your Summary Plan Description (SPD).

You can also find current contribution limits on our website at www.tasconline.com/resources/benefit-limits

	Eligible?		Eligible?
Activity fees (dance classes, language classes, music lessons, etc.)	✗	Late payment fees	✗
Babysitting in your home or someone else's	✓	Meals, food or snacks	✗
Babysitting by your relative who is not a tax dependent	✓	Medical expenses for a dependent	✗
Babysitting while you or your spouse are NOT working, looking for work or attending school	✗	Nanny or au pair	✓
Babysitting by your tax dependent	✗	Nursery school or preschool fees	✓
Before or after school program	✓	Incidental fees (eligible only when incidental to and inseparable from the fee for care)	✓
Childcare	✓	Indirect fees (e.g., agency fees, application fees, placement fees; may be eligible when expense is required to obtain care and care has been received)	✓
Childcare supplies (e.g., clothing, diapers, formula)	✗	Late pickup fees (when attributed to care of a child)	✓
Childcare provider discount or coupon	✗	Overnight camp	✗
Day camp	✓	Preschool	✓
Educational, learning or tutoring services	✗	Registration fees (required for eligible care)	✓
Extended care that is a supervised program before or after regular school hours	✓	Registration fees (required for eligible care, prior to actual services being received)	✗
Field trips	✗	Sick child care	✓
Household services (cook, housekeeper, maid, etc.)	✗	Transportation (to and from eligible care provided by your care provider)	✓
Housekeeper who cares for child (only portion of payment attributable to work-related childcare)	✓	Tuition (Kindergarten and above)	✗

To receive reimbursement

- All persons and organizations that provide dependent care for a qualified person must be identified. This information is requested on IRS Form 2441. The name, address and Taxpayer Identification Number (TIN) of the provider must be included. In some situations, the TIN will be a Social Security number (SSN).
- If the care is being provided by a center that cares for more than six persons, the center must comply with all state and local regulations.
- Payments made to relatives who are not dependents can be included; however, do not include amounts paid to a dependent for whom you can claim an exemption or for your child who is younger than age 19 at the end of the year, regardless of whether they are your dependent.
- Use IRS Form W-10 to request the required information from the care provider.