



**SOLANO COUNTY GRAND JURY**  
2012-13

**FAIRFIELD-SUISUN SEWER DISTRICT**

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2012-13 Solano County Grand Jury

## **I. SUMMARY**

As a result of published reports and citizen complaints, the Grand Jury inquired into the Fairfield-Suisun Sewer District (FSSD) Board of Directors' conference and Medical/Dental/Vision Reimbursement Program expenses. In reviewing the documentation and conducting interviews, it was determined there were excessive costs resulting from multiple board members attending various conferences, and they failed to share detailed information with the public. Based on information received, the Grand Jury also investigated Medical/Dental/Vision Reimbursement Program expense reimbursements paid to board members who are already receiving underlying medical coverage from other sources.

## **II. INTRODUCTION**

The Board of Directors of the FSSD is comprised of a total of ten members. The FSSD Board consists of the five City Council members of the City of Suisun City and the five City Council members of the City of Fairfield. The Fairfield-Suisun Sewer District oversees wastewater collection and treatment, water recycling, and storm water management services within a 41-square-mile area of Solano County, California.

As a result of public concern of conference expenses, the Grand Jury inquired into the expenses of the FSSD Board of Directors. The Grand Jury investigated conference, healthcare and meeting expenses incurred by board members and staff during the years 2010-2012.

## **III. METHODOLOGY**

- Interviewed the following:
  - Staff of FSSD
  - FSSD Board Member
- Reviewed the following:
  - California Government Code §53232.3
  - 2012-13 Budget & Long Term Financial Plan
  - Organizational chart for FSSD
  - Chart of accounts for travel expenses
  - FSSD Resolution No. 01-19 authorizing board member benefits
  - Medical expense reimbursements of board members 2010-2012 provided by FSSD
  - Conference expenses of board members 2010-2012 provided by FSSD
  - California Association of Sanitation Agencies conference expenses from 2010-2012

- Available FSSD board minutes from 2010-2012
- Available reports from board members who submitted reports outlining their attendance at California Association of Sanitation Agencies conferences

#### IV. STATEMENT OF FACTS

The City Council Members of the City of Fairfield and the City of Suisun City additionally serve as the FSSD Board and receive dual compensation. The FSSD Board typically meets on the 4<sup>th</sup> Monday of each month.

Annually, the California Association of Sanitation Agencies holds several conferences at which many technical aspects are presented. The General Manager directs which Staff Members attend and FSSD Board Members may attend at will. The FSSD Board Members have no set policy on the number of conference attendees. In an effort to verify public concerns in published reports regarding conference expenses of FSSD Board Members, the Grand Jury reviewed available Board Minutes, Board of Director's Conference Costs and conducted staff interviews.

The Grand Jury found in 2010-2012, there were one to seven board members in addition to one to four staff members attending each conference. The costs are displayed in *Table 1*. Board members are provided a stipend of \$143.00 for each day they attend an outside conference in addition to their expenses for travel, lodging and meals.

As indicated in *Table 1*, the Grand Jury has noted a significant drop in the number of attendees to various conferences since the public reporting of the issue and associated costs. It should be noted that the cost per board member is substantially higher than the cost per staff member.

CONFERENCE COSTS						
Year	Conference	Board Attendees	Staff Attendees	Board Costs	Staff Costs	Total Costs
2010	Palm Desert, CA	6	3	\$10,762.55	\$3,313.77	\$14,076.32
2010	Washington, DC	3	1	\$7,798.54	\$2,648.72	\$10,447.26
2010	Newport Beach, CA	7	4	\$10,345.86	\$4,708.96	\$15,054.82
2010	Monterey, CA	6	4	\$10,351.72	\$3,629.97	\$13,981.69
	<b>TOTALS FOR 2010</b>	<b>22</b>	<b>12</b>	<b>\$39,258.67</b>	<b>\$14,301.42</b>	<b>\$53,560.09</b>
2011	Palm Desert, CA	7	4	\$12,433.28	\$5,928.87	\$18,362.15
2011	Washington, DC	4	1	\$10,345.24	\$2,139.95	\$12,485.19
2011	Sacramento, CA	4	2	\$5,186.59	\$703.00	\$5,889.59
2011	San Diego, CA	6	3	\$11,978.95	\$4,882.25	\$16,861.20
	<b>TOTALS FOR 2011</b>	<b>21</b>	<b>10</b>	<b>\$39,944.06</b>	<b>\$13,654.07</b>	<b>\$53,598.13</b>
2012	Palm Desert, CA	5	4	\$8,298.51	\$4,968.93	\$13,267.44
2012	Washington, DC	2	1	\$5,739.01	\$2,328.76	\$8,067.77
2012	Napa, CA	1	2	\$1,869.72	\$625.00	\$2,494.72
2012	Monterey, CA	1	2	\$1,954.30	\$2,227.16	\$4,181.46
	<b>TOTALS FOR 2012</b>	<b>9</b>	<b>9</b>	<b>\$17,861.54</b>	<b>\$10,149.85</b>	<b>\$28,011.39</b>
			<b>SUBTOTAL</b>	<b>\$97,064.27</b>	<b>\$38,105.34</b>	<b>\$135,169.61</b>
			<b>GRAND TOTAL</b>	<b>\$135,169.61</b>		

*Table 1*



In reviewing the minutes of the FSSD Board meetings for 2010-2012, the Grand Jury investigation determined there were only sporadic brief reports provided. The minutes indicated nothing more than the attendee's attendance at a meeting.

California Government Code §53232.3 (d) states:

*Members of a legislative body shall provide brief reports on meetings attended at the expense of the local agency at the next regular meeting of the legislative body.*

In a review of the Fairfield-Suisun Sewer District Medical/Dental/Vision Reimbursement Program, the following expenses were noted for the years 2010-2012 as indicated in *Table 2*. The amounts below are in addition to board member compensation resulting from Resolution No. 01-19 above, passed by the board, which is a publicly funded cafeteria healthcare plan.<sup>1</sup>

BOARD MEMBERS REIMBURSED HEALTHCARE COSTS		
2012	2011	2010
\$19,284.87*	\$26,920.61*	\$20,837.84*

*Table 2*

\* Total costs for all Board Members for the indicated years

In accordance with Fairfield-Suisun Sewer District Resolution No. 01-19 as quoted below, board members are provided:

1. *Effective July 1, 2001, the District shall contribute up to \$4,200.00 per calendar year toward a Medical/Dental/Vision Reimbursement Program, to be used for reimbursement of medical, dental or vision expenses charged to the Board member or his or her spouse or dependents, but only to the extent that the Board member charged for the expense is not reimbursed and that payment is not made by any other person or entity on his or her behalf for the expense through insurance or otherwise.*
2. *The plan period for this program shall be each calendar year. The District contribution for the period July 1, 2001 through December 31, 2001 shall be one-half the amount in Paragraph 1 of this Resolution.*
3. *Effective January 1, 2002, and each January thereafter, the District contribution shall be increased a percentage equal to the percent increase in the Urban Wage Earners and Clerical Workers Consumer Price Index (CPI-W) for the San Francisco-Oakland Metropolitan area for the twelve months ending October of each year.*
4. *Each Board member shall be responsible for federal and state tax obligations, if any, related to reimbursements made under this program*
5. *The General Manager/District Engineer and Finance Director are hereby authorized and directed to take all steps necessary and proper to implement this resolution in accordance with District policies and procedures*

<sup>1</sup> A cafeteria plan is defined as a type of employee benefit plan offered in the United States pursuant to Section 125 of the Internal Revenue Code. Its name comes from the earliest such plans that allowed employees to choose between different types of benefits, similar to the ability of a customer to choose among available items in a cafeteria. Qualified cafeteria plans are excluded from gross income. To qualify, a cafeteria plan must allow employees to choose from a selection of two or more benefits consisting of cash or qualified benefit plans

## **V. FINDINGS AND RECOMMENDATIONS**

**Finding 1** – In the years 2010-2012, there were multiple board members attending each conference resulting in increased costs to the Fairfield-Suisun Sewer District.

**Recommendation 1a** – Fairfield-Suisun Sewer District establish a written policy and procedures limiting the number of board members attending each conference to reduce costs.

**Recommendation 1b**– Fairfield-Suisun Sewer District should establish a written policy and procedures to include a method of rotating board members attending conferences to reduce costs.

**Finding 2** –Fairfield-Suisun Sewer District Board minutes, while complying with the requirements of California Government Code §53232.3 (d), does not provide sufficient information to the public regarding conference attendance.

**Recommendation 2** – Fairfield-Suisun Sewer District establish a policy and procedure requiring written reports by all conference attendees be provided to the Board and attached to the minutes.

**Finding 3** – Effective July 1, 2001 Board Members passed Fairfield-Suisun Resolution No. 01-19 to provide reimbursement of Medical, Dental or Vision expenses paid by the Board Members, his/her spouse or dependent(s) to the extent the Board Member is not reimbursed by any other person or entity. Resolution No. 01-19 is a publicly funded cafeteria healthcare plan.

**Recommendation 3** – Fairfield-Suisun Sewer District Board eliminate the healthcare benefit reimbursement provided by the Medical/Dental/Vision Reimbursement Resolution 01-19 to reduce increasing taxpayer costs.

#### **COMMENTS**

It was noted that the Fairfield-Suisun Sewer District staff was forthcoming in providing information requested by the Grand Jury. It was further noted that the District's accounting staff is meticulous in reviewing all submitted expense reports to ensure that personal and other inappropriate expenses have been eliminated from reimbursement pursuant to California Government Code §53232.3 (d).

In the Grand Jury's review of Resolution 01-19, it appeared the Board Members of Fairfield-Suisun Sewer District created a publicly funded cafeteria healthcare plan which is additional to their current compensation.

#### **REQUIRED RESPONSES**

Fairfield-Suisun Sewer District Board of Directors

#### **COURTESY COPIES**

Clerk of the Board, Solano County Board of Supervisors  
General Manager, Fairfield-Suisun Sewer District