

February 9, 2006

Honorable Mayor and Members of
the Hermosa Beach City Council

Regular Meeting of
February 14, 2006

SUBJECT: APPROVAL OF EXPENSE REIMBURSEMENT POLICY
PURSUANT TO AB1234 (GOVERNMENT CODE
SECTIONS 53232.2 AND 53232.3)

INITIATED BY: MICHAEL JENKINS, CITY ATTORNEY

STATEMENT ON THE SUBJECT:

The City Council will consider adopting an expense reimbursement policy applicable to elected and appointed officials of the City as required by newly enacted Government Code Sections 53232.2 and 53232.3.

RECOMMENDATION:

That the City Council adopt Resolution No. 06-_____ A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HERMOSA BEACH ESTABLISHING A REIMBURSEMENT POLICY IN ACCORDANCE WITH GOVERNMENT CODE §§ 53232.2 AND 53232.3.

BACKGROUND AND ANALYSIS:

Assembly Bill 1234 ("AB 1234") was adopted by the state legislature in late 2005 and became effective on January 1, 2006. AB 1234 requires cities to adopt a written policy for reimbursement of "actual and necessary" expenses incurred by city council members and members of bodies created by the City Council that are subject to the Brown Act. The policy is required to address reimbursement of expenses relating to travel, meals and lodging and the filing of expense reports. The City Attorney, in consultation with the City Manager and Finance Director, prepared the Resolution before you. Its adoption will bring the City into compliance with AB1234.

The bill also requires council members and the members of bodies that are subject to the Brown Act that receive any type of compensation, salary, stipend, or reimbursement of expenses, except individuals whose term of office ends before January 1, 2007, attend two hours of ethics training approved by Fair Political Practices Commission and the Attorney General. It is anticipated that a qualifying program will be made available on line through the League of

California Cities and also available at League conferences. Staff will monitor that and let you know of your training options when they become available.

ALTERNATIVES:

The City has no alternative but to adopt a policy pursuant to AB 1234. Council may want to make adjustments to the recommended policy following deliberations.

OFFICE OF PRIMARY RESPONSIBILITY

City Attorney

FISCAL IMPACT:

The adoption of the policy will have no direct fiscal impact. The amounts allowed for reimbursement under the policy are established by the annual budget. Thus, the policy itself has no impact on the General Fund.

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RESOLUTION NO. 06-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HERMOSA BEACH, CALIFORNIA, ESTABLISHING A REIMBURSEMENT POLICY IN ACCORDANCE WITH GOVERNMENT CODE §§ 53232.2 AND 53232.3.

THE CITY COUNCIL DOES HEREBY APPROVE AND ADOPT Administrative Regulation #F-7 (Travel & Expense Reimbursement Procedures, Rules and Regulations) dated February 14, 2006 incorporating changes required by AB1234, chaptered as Government Code sections 53232.2 and 53232.3, and attached as Exhibit "A" to this resolution.

PASSED, APPROVED, and ADOPTED this 14th day of February, 2006.

PRESIDENT of the City Council and MAYOR of the City of Hermosa Beach, California

ATTEST:

APPROVED AS TO FORM:

CITY CLERK

CITY ATTORNEY

ADMINISTRATIVE MEMORANDUM

TO: City Officials and Employees **FUNCTION:** Finance
FROM: Stephen Burrell **NO:** F-7
City Manager
SUBJECT: Travel & Expense Reimbursement Procedures, Rules and Regulations

The City of Hermosa Beach recognizes the constructive value of attendance by City officials and employees at professional conferences, seminars, and meetings. In addition, the City recognizes that it is desirable and sometimes necessary for City officials and employees to attend meetings with other government officials, business organizations, community organizations and constituents, and to attend ceremonial events and other activities that promote or benefit the City. It is in the public interest to reimburse expenses incurred in connection with these activities consistent with the provisions of this policy. This policy has been prepared in compliance with California Government Code Sections 53232.2 and 53232.3.

The City reimburses its officials and employees for expenses incurred in connection with business related travel and attendance at meetings and events, in amounts designated in the approved City budget. The establishment of reasonable limits on expense reimbursement assures a prudent and responsible use of public funds and allows more employees to attend beneficial conferences, seminars and meetings. Except as otherwise noted, this policy applies to all City elected and appointed officials and all City employees. Absent unusual circumstances and only with the permission of the City Council, expense reimbursements will not exceed the amounts set forth in this policy. "Reimbursement" for purposes of this policy means all forms of payment for expenses incurred by City officials and employees in the course of their official duties whether paid directly by the City (including without limitation, with a City-issued credit card) or advanced by City officials with personal funds and later reimbursed for City funds.

Travel funds for out-of-state meetings will normally be provided only for City elected officials and department directors. Other employees may be provided with travel funds for conferences held within the State of California. Any exceptions shall be submitted to the City Manager for approval. Final travel approval shall come from the City Manager via a Travel Advance/Report of Expenses form (attached), submitted near the actual date of travel.

Requests for additional travel funds will not normally be approved except in cases of emergency or other special situations. In such instances, requests must be routed through the Finance Department for City Manager approval.

Per Diem and Computation

Meals associated with City business within Los Angeles County will be reimbursed in amounts not to exceed:

Breakfast: \$10
Lunch: \$15
Dinner: \$25

Any officer or employee who is required or authorized by the Council or City Manager to travel in the discharge of his/her duties where an overnight stay is required shall receive, in addition to transportation and hotel accommodation expenses, a per diem allowance of \$50.00 for each day or fraction thereof while so engaged to reimburse for meals and incidental expenses. For those City employees who elect to be reimbursed for actual expenses versus a flat per diem rate, reimbursement will be made up to \$80.00 per day upon submittal of receipts.

Per diem shall be allowed or reimbursed for days actually spent on City business, for programmed days of a conference or meetings, and for time spent in travel by air. Per diem for time spent in travel other than by air, such as rail or automobile, must be approved by the City Manager. Per diem shall be computed for the days of the conferences attended and for travel days not to exceed one day before and after the conferences, and shall be allowed only if time and/or travel schedules prohibit travel at reasonable hours on the actual beginning and ending days of a conference.

All employees shall adjust per diem (not to exceed the maximum allowable in instances (a) in which some or all meals are provided by the school or seminar or in the registration fee, or (b) in which the employee commutes to the conferences from home. A similar adjustment may be made in departure/arrival times.

For trips of only one day, or when overnight lodging is not required, receipts must be submitted for expenses other than travel, and the employee will be reimbursed for either receipts or per diem, whichever is less.

This policy is not applicable to meals provided in connection with City sponsored events.

Transportation

All travel on City business must be the most economical mode and class of transportation reasonably consistent with scheduling needs and cargo space requirements, using the most direct and time-efficient route. Government and group rates must be used when available.

1. Travel by Air - All travel on City business by one employee outside the six county SCAG region (Imperial, Los Angeles, Orange, San Bernardino, Riverside and Ventura), the City of Santa Barbara and the City of San Diego shall be by air unless the City Manager approves another mode of transportation. Reimbursement shall be calculated on the basis of the cost of travel by air using the shortest and most direct route. All air travel shall be

booked at least fourteen (14) days in advance, when possible, so as to receive the lowest fares possible. Airfares that are equal or less than those available through the Enhanced Local Government Airfare Program offered through the League of California Cities (www.cacities.org/travel), the California State Association of Counties (www.csac.counties.org/default.asp?id=635) and the State of California are presumed to be the most economical and reasonable for purposes of reimbursement under this policy.

2. Use of Private Vehicle – Automobile mileage is reimbursed at Internal Revenue Service rates presently in effect (*see* www.irs.gov). These rates are designed to compensate the driver of gasoline, insurance, maintenance, and other expenses associated with operating the vehicle. This amount does not include bridge and road tolls and parking fees, which are considered incidental expenses subject to per diem or actual expense reimbursement.

Only travel for City business outside of Hermosa Beach is authorized for reimbursement.

An employee must provide proof of insurance to be eligible for transportation allowance or reimbursement. (Proof must be submitted prior to the employee utilizing their personal vehicle for City business travel.

A City official or employee may leave from his/her home for City business. However, the City will not reimburse mileage that exceeds mileage from City Hall to the destination point.

Employees or City officials who receive an auto allowance may be reimbursed for mileage outside of the SCAG area if City Manager approves travel by automobile.

3. Use of City-owned Vehicle - There shall be no allowance or reimbursement for transportation when a City-owned vehicle is used. However, any out-of-pocket expenses incurred in operating the vehicle shall be reimbursed. All receipts, including those acquired from the use of a City credit card, must be turned in upon return and charged to the proper department.
4. Car Rental – Rental rates that are equal or less than those available through the State of California’s website (www.catravelmart.com/default.htm) are considered the most economical and reasonable for purposes of reimbursement under this policy.
5. Taxis/Shuttles – Taxi or shuttle fares may be reimbursed when the cost of such fares is equal or less than the cost of car rentals, gasoline and parking combined, or when such transportation is necessary for time-efficiency. When feasible, the lowest cost transportation provider should be utilized. Gratuities are considered incidental expenses and reimbursable as part of per diem.
6. Airport Parking – Long-term parking must be used for travel exceeding 24-hours.

Hotel Accommodations

Lodging expenses will be reimbursed only at the single occupancy rate for rooms.

Lodging expenses will be reimbursed for when travel on official City business reasonably requires an overnight stay.

Conferences/Meetings. If lodging is associated with a conference, lodging expenses must not exceed the group rate published by the conference sponsor for the meeting in question if such rates are available at the time of booking.

Other Lodging. Travelers must request government rates, when available. A listing of hotels offering government rates in different areas is available at www.catravelmart.com/lodguideframes.htm. 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 that do not exceed the IRS per diem rates for a given area are presumed reasonable and hence reimbursable.

All officers and employees shall either prepare a Travel Advance/Report of Expenses form and receive funds in advance, be reimbursed for hotel accommodations, or pay by City credit card. Reimbursable days for lodging requests should correspond to the foregoing travel policy regarding dates of arrival and departure. The expenses of local telephone calls and official long distance calls, which are billed on the hotel statement, are allowed as hotel accommodation expenses. A copy of the hotel bill must be submitted with the Travel Advance/Report of Expenses.

Credit Card Use Policy

City does not issue credit cards to individual City officials but certain Director level employees do have a credit card for selected City expenses. City officials and employees may request that the City use its credit card for such purposes as airline tickets and hotel reservations following the same procedures for cash advances. Receipts documenting expenses incurred on the City credit card and compliance with this policy must be submitted within five business days of use.

Additional Allowance

Authorized City officials and employees will be reimbursed for conference registration fees, vehicle parking expenses and, if travel is by air, transportation expenses at the point of destination to the hotel and for return from the hotel to the point of departure. The City Manager is authorized to make exceptions or restrictions in the above policy when such variations will be more economical to the City.

Unauthorized expenses

The City will not reimburse City officials or employees for expenses incurred outside the scope of duties including, for example and not limited to, the following:

The personal portion of any trip. For example, if a City official or employee elects to travel to an event in advance or stay longer on personal business, the City need only reimburse the City official or employee for roundtrip travel costs and costs incurred during the event's duration;

Political or charitable contributions or events;

Family expenses, including partner's expenses when accompanying a City official on City-related business, as well as children- or pet-related expenses;

Entertainment expenses; including theater, movies (either in-room or at the theater), sporting events (including gym, massage and/or golf related expenses), or other cultural events;

Non-mileage personal automobile expenses, including repairs, traffic citations, insurance or gasoline; and

Personal losses incurred while on City business.

Expenses for which City officials or employees receive reimbursement from another agency are not reimbursable.

Alcohol/personal bar expenses.

Any questions regarding the propriety of a particular type of expense should be resolved by the City Council before the expense is incurred.

PROCEDURE

The traveler should submit a Travel Request/Report of Expenses form to his/her Department Director at least two weeks ahead of the scheduled trip. Once the trip is approved, the proper forms (explained below) must then be completed.

A. Travel Advance Requested

If an advance is approved by the Department Director the following procedure should be followed:

A Travel Advance/Report of Expenses form should be prepared indicating expenses for which funds are required.

1. All expenses incurred by the traveler must be documented with receipts, except those covered by per diem.

2. Advance booking of air travel shall be expected so the City may take advantage of reduced rates.
3. Advance hotel reservations (requiring deposit) and registration fees should be processed on a Travel Advance/Report of Expenses form in those instances where the checks are to be made payable to the hotel and/or the conference sponsor.
4. Immediately upon return from a trip, the traveler should complete the Statement of Actual Expenses portion of the Travel Advance/Report of Expenses form according to instructions found on the form and forward it to Finance for processing.
5. If the form indicates that cash advances exceeded actual expenses, the traveler's personal check, made payable to the City, should accompany the submittal.
6. Where applicable, a reimbursing check will be issued to the traveler.
7. Travel Advance/Report of Expenses Form must be completed by all persons upon returning from travel within 5 working days and submitted to Finance.

B. No Travel Advance Requested (Approved)

1. All expenses incurred by the traveler must be documented with receipts, except those covered by per diem.
2. Immediately upon return from trip, the traveler should complete a Travel Advance/Report of Expenses form according to instructions found on the form and forward it to Finance for processing.
3. If the form indicates cash advances have exceeded actual expenses, the traveler's personal check, made payable to the City, should accompany the submittal.
4. Where applicable, a reimbursing check will be issued to the traveler.
5. Travel Advance/Report of Expenses Form must be completed by all persons upon returning from travel within 5 working days and submitted to Finance.

Reports to Legislative Body – At the meeting following an activity, each elected and appointed official must briefly report on meetings attended at City expense. If multiple City officials attended, a joint report may be made.

Compliance with Laws – Some expenditures may be subject to reporting under the Political Reform Act and other laws. All agency expenditures are public records subject to disclosure under the California Public Records Act.

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:

Loss of reimbursement privileges;

A demand for restitution to the City;

The City's reporting the expenses as income to the City official to state and federal tax authorities;

Civil penalties of up to \$1,000 per day and three times the value of the resources used; and

Prosecution for misuse of public resources.

REVISED 2/14/06