

City of West Covina
Administrative Policies

**SUBJECT: COUNCIL EXPENSE & REIMBURSEMENT
POLICY**

EFFECTIVE DATE: November 1, 2016

INTRODUCTION

The Mayor and City Councilmembers are appropriated annual individual allowances which can be used for a variety of expenses incurred in conducting official City business.

The State legislature adopted Assembly Bill (AB) 1234, which became law January 1, 2006. This law created state requirements related to expenses and levels of reimbursement made to local officials. While City officials may be reimbursed for actual and necessary expenses in performing their official duties, AB 1234 requires local agencies to adopt a policy that specifies what constitutes a "necessary" expense and mandates that levels be set for the authorized expenses.

AB 1234 specifically requires that expense levels for travel, meals and lodging be contained in the adopted policy. If levels are not established for travel, meals and lodging expenses, the amount allowed for such expenses defaults to those specified in the Internal Revenue Service guidelines.

This policy is intended to meet all requirements of applicable State law, AB 1234 and the West Covina Municipal Code by establishing what types of expenses are considered "actual and necessary expenses incurred in the performance of official duties" and setting expense and reimbursement levels representative of what the community considers reasonable.

It is the intent of this City Council Expense and Reimbursement Policy ("Policy") to establish guidelines that comply with California law for the reimbursement of local officials for their reasonable expenses associated with travel, meals, lodging and other actual and necessary expenses incurred in the performance of their official duties as City Officials. City Officials shall be entitled to reimbursement for their reasonable expenses associated with travel, meals, lodging and other actual and necessary expenses in the manner and in the amounts set forth in this Policy.

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RECITALS

WHEREAS, the City of West Covina takes its stewardship over the use of its limited public resources seriously;

WHEREAS, public resources should only be used when there is a substantial benefit to the City of West Covina;

WHEREAS, the City of West Covina recognizes the value of professional conferences, educational seminars, meetings and training for City Officials.

WHEREAS, such activities and opportunities that provide such benefits include:

1. The opportunity to discuss the community's concerns with state and federal officials;
2. Participating in regional, state and national organizations whose activities affect the City of West Covina;
3. Attending educational seminars designed to improve officials' skill and information levels; and
4. Promoting public service and morale by recognizing such service.

WHEREAS, 1) legislative and other regional, state and federal agency business is frequently conducted over meals; 2) sharing a meal with regional, state and federal officials is frequently the best opportunity for a more extensive and focused communication about the City of West Covina's concerns; and 3) each meal expenditure must comply with the limits and reporting requirements of local, state and federal law;

WHEREAS, this Policy provides guidance to elected and appointed officials on the use and expenditure of City of West Covina resources, as well as the standards against which those expenditures will be measured;

WHEREAS, this Policy satisfies the requirements of Government Code sections 53232.2 and 53233.3;

WHEREAS, this Policy supplements the definition of actual and necessary expenses for purposes of state laws relating to permissible uses of public resources;

WHEREAS, this Policy also supplements the definition of necessary and reasonable expenses for purposes of federal and state income tax laws;

WHEREAS, this Policy applies to reimbursements, cash advances and charges made to a City credit card; and

WHEREAS, this Policy shall apply to members of the City Council, members of City Commissions, the City Treasurer and the City Clerk ("City Officials").

II. COUNCIL EXPENSE & REIMBURSEMENT POLICY

A. Expense Fund Allocations

Incurring expenses for any year shall not exceed the expense amount as budgeted by the City. As explained in Section N of this Policy, all purchases made with a City credit card shall be deducted from the yearly allowance. In addition, allowable purchases not made with a City credit card shall be reimbursed to the City Official.

B. Authorized Expenses

City funds, equipment, supplies (including letterhead and business cards), titles, and staff time may be used only for authorized City of West Covina business. Expenses incurred in connection with the following types of activities generally constitute authorized expenses, provided other requirements of this Policy are met, including the reporting requirements contained in Section O:

- Communicating with representatives of regional, state and national government on City of West Covina adopted policy positions;
- Attending educational seminars or courses designed to improve officials' skill and information levels;
- Participating in regional, state and national organization activities, whose activities affect the City of West Covina's interests;
- Recognizing service to the City of West Covina (gift not to exceed \$50.00 in cost or value);
- Attending City of West Covina events; and
- Implementing a City-approved strategy for attracting or retaining businesses to the City of West Covina, which typically involves at least one staff member.

C. Expenses Requiring Prior Approval

The following expenses require prior approval by the Council at a public meeting:

- International travel;
- Expenses which exceed the annual limits established for each office holder; and
- Expenses not otherwise authorized under this Policy.

D. Non-Reimbursable Expenses

Examples of personal expenses that the City will not reimburse include, but are not limited to:

- The personal portion of any trip;
- Political or charitable contributions or events;
- Family expenses, including partner's expenses when accompanying official on agency-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.

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

E. Cost Control

In order to conserve City resources and to keep expenses within community standards for public officials, expenditures should adhere to the following guidelines. If an expense is incurred, which exceeds the approved level(s), the amount paid or reimbursed by the City will be limited to the cost(s) that fall within the guidelines.

F. Transportation

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

- 1. Airfare.** Airfares that are equal or less than those available through the Enhanced Local Government Travel Program offered through the League of California Cities (www.cacities.org/travel) are presumed to be the most economical and reasonable for purposes of reimbursement under this Policy. In the event that government rates are not available at a given time or in a given area, airfare rates that do not exceed the median retail price for airfare for that area listed on websites such as www.priceline.com or an equivalent service shall be considered reasonable and, therefore, reimbursable.

2. **Automobile.** Automobile mileage is reimbursed at Internal Revenue Service rates presently in effect (see www.irs.gov). For 2016, the rate is 54 cents per mile. These rates are designed to compensate the driver for gasoline, insurance, maintenance, and other expenses associated with operating the vehicle. This amount does not include bridge and road tolls, which are also reimbursable. City Officials receiving an auto allowance are not eligible for mileage reimbursement.
3. **Car Rental.** Rental rates that are equal or less than those available through the Enhanced Local Government Travel Program offered through the League of California Cities (www.cacities.org/travel) are presumed to be the most economical and reasonable for purposes of reimbursement under this Policy. In the event that government rates are not available at a given time or in a given area, car rental rates that do not exceed the median retail price for car rental for that area listed on websites such as www.priceline.com or an equivalent service shall be considered reasonable and, therefore, reimbursable. The Internal Revenue Service mileage rates will not be paid for rental vehicles; only receipted fuel expenses will be reimbursed.
4. **Taxi/Shuttle/Vehicles for Hire.** Taxi, shuttle fares and other vehicles for hire may be reimbursed, including a 15 percent gratuity per fare, 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.

G. Lodging

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

1. **Conference Lodging.** If such lodging is in connection 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. If the group rate is not available, see next section.
2. **Other lodging.** Travelers must request government rates, when available. See www.dgs.ca.gov/travel for a listing of hotels that offer government rates in different areas. Lodging rates that are equal or less than government rates through the Enhanced Local Government Travel Program offered through the League of California Cities (www.cacities.org/travel) are presumed to be reasonable and shall be 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 median retail price for lodging for that area listed on websites such as www.priceline.com or an equivalent service shall be considered reasonable and, therefore, reimbursable.

H. Meals

City Officials shall, when available, take meals that are provided as part of a seminar or conference registration fee. Reimbursable meal expenses and associated gratuities will not exceed the following rates per person:

Breakfast	\$15.00
Lunch	\$16.00
Dinner	\$28.00

The total per diem rate for 2017 is \$64, which includes \$5 for incidentals as defined in section G. Such amounts will be automatically adjusted based on the General Services Administration rates by geographic area without further action by the City Council. Rates can be found at www.gsa.gov.

The City shall **not** pay for alcohol or bar expenses.

I. Incidentals

Incidental expenses are fees and tips given to porters, baggage carriers, hotel staff and staff on ships and shall not exceed \$5 per day.

J. Telephone/Fax/Cellular

Officials will be reimbursed for actual telephone and fax expenses incurred on City business. Telephone bills should identify which calls were made on City business. For cellular calls when the official has a particular number of minutes included in the official's plan, the official can identify the percentage of calls made on public business.

K. Internet

Officials will be reimbursed for Internet access connection and/or usage fees away from home, not to exceed \$20.00 per day, if Internet access is necessary for City-related business.

L. Airport Parking

The most economical parking option, such as long-term parking, must be used for travel exceeding 24-hours.

M. Cash Advance Policy

From time to time, it may be necessary for an official to request a cash advance to cover anticipated expenses while traveling or doing business on the City's behalf. Such request for an advance should be submitted to the City Manager 30 days prior to the need for the advance with the following information:

1. The purpose of the expenditure(s);
2. The benefits of such expenditure to the residents of the City of West Covina;
3. The anticipated amount of the expenditure(s) (for example, hotel rates, meal costs, and transportation expenses); and
4. The dates of the expenditure(s).

Any unused advance must be returned to the City treasury within 30 business days of the official's return, along with an expense report and receipts documenting how the advance was used in compliance with this Policy.

In the event the Chief Finance Officer is uncertain as to whether a request complies with this Policy, such individual must seek resolution from the City Council.

N. Credit Card Use Policy

The City does not issue credit cards to individual office holders but does have an agency credit card for selected City expenses. The City's credit card may be used for such purposes as airline tickets and hotel reservations by 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 10 business days of use.

City credit cards may not be used for personal expenses, even if the official subsequently reimburses the city.

O. Expense Report Content and Submission Deadline

All cash advance expenditures, credit card expenses and expense reimbursement requests must be submitted on an expense report form provided by the City. This form shall include the following advisory:

All expenses reported on this form must comply with the City's policies relating to expenses and use of public resources. The information submitted on this form is a public record. Penalties for misusing public resources and violating the city's policies include loss of reimbursement privileges, restitution, civil and criminal penalties as well as additional income tax liability.

Expense reports must document that the expense in question met the requirements of this Policy. For example, if the meeting is with a legislator, the City official should explain whose meals were purchased, what issues were discussed and how those relate to the City's adopted legislative positions and priorities.

City Officials must submit their expense reports within 30 days of an expense being incurred, accompanied by receipts documenting each expense. Restaurant itemized receipts, in addition to any credit card receipts, are also part of the necessary documentation.

Inability to provide such documentation in a timely fashion may result in the expense being borne by the official.

The City Manager or his/her designee is responsible for the specific review of all advance and expense reimbursement requests to assure adherence to this Policy.

P. Audits of Expense Reports

All expenses are subject to verification that they comply with this Policy.

Q. Reports to Governing Board

At the next regular meeting of the City Council, each official shall briefly report on any Brown Act meetings attended at the City's expense, as well as any conferences, educational seminars or meetings with legislators or other government officials.

If multiple officials attended, a joint report may be made. The report may be made orally or in writing.

R. Compliance with Laws

City officials should keep in mind that some expenditures may be subject to reporting under the Political Reform Act and other laws. All City expenditures are public records subject to disclosure under the Public Records Act and may be subject to other State and Federal laws.

S. Changes to Policy

Any change to this Policy shall be approved by the City Council at a regularly scheduled public meeting.

T. Violation of this Policy

Under state law, 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 for the elected 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.