



CITY OF
**PALO
ALTO**

CITY OF PALO ALTO
Policy & Services Committee
Special Meeting
Tuesday, March 12, 2024
7:00 PM

Agenda Item

2. Discussion and Recommendation to Council on potential allocation of \$2,000 annually from the City Council contingency fund to each Council member for expenditures consistent with defined purposes



Policy & Services Committee Staff Report

From: City Manager

Report Type: ACTION ITEMS

Lead Department: City Manager

Meeting Date: March 12, 2024

Report #:2402-2688

TITLE

Discussion and Recommendation to Council on potential allocation of \$2,000 annually from the City Council contingency fund to each Council member for expenditures consistent with defined purposes

RECOMMENDATION

Staff recommends that the Policy and Services Committee further discuss the referral from the City Council related to City Council Discretionary Expenditures and make a recommendation to the City Council for inclusion in the City Council Procedures and Protocols Handbook.

BACKGROUND AND ANALYSIS

On February 13, 2024, the Policy and Services Committee discussed a referral from Council regarding a potential provision of \$2,000 annually from the Council contingency fund for each Council member for expenditures consistent with purposes to be defined by Council policy. At that meeting, the Committee indicated interest in defining permitted purposes as reimbursement for actual and necessary expenses incurred in performance of official duties. The Committee voted to bring the item back to committee for further discussion of program details and to receive information about similar programs in neighboring jurisdictions.

State law, as specified in Cal. Govt. Code section 53232.2., authorizes expenditure of local funds to reimburse City Council members for “actual and necessary expenses incurred in the performance of official duties” and requires certain procedures for implementing such a policy.

Adoption of Written Reimbursement Policy

State law requires that the legislative body adopt a written policy specifying the types of occurrences that qualify for reimbursement. This encompasses expenses related to travel, meals, lodging, and other actual and necessary expenditures incurred in the performance of official duties. Other actual and necessary expenditures could include computer equipment, software, cellular phones, and subscriptions if used for primarily for performing official governmental duties with only *de minimus* (i.e. minimal) personal use permitted.

The policy may also specify the reasonable reimbursement rates. In the absence of specified rates within the policy, the local agency is required to follow the Internal Revenue Service's reimbursement rates for travel, meals, lodging, and other necessary expenses, as detailed in [Publication 463](#). Furthermore, members of the legislative body must prioritize the use of government and group rates provided by transportation or lodging services for travel and lodging when such rates are available.

Expenses not covered by the established reimbursement policy, or the IRS reimbursable rates, must receive prior approval from the governing body in a public meeting before the expense is incurred. If a member of a legislative body chooses to incur additional costs that are above the rates established and those costs have not been approved by the legislative body, then the member of a legislative body may do so at their own expense.

Monitoring and Reporting Requirements

In accordance with Government Code section 53232.3, local agencies that reimburse members of a legislative body for actual and necessary expenses must provide forms for officials to report their expenses. Expense reports must document that reimbursable expenses meet the existing policy for expenditure of public resources. Members of the legislative body must submit expense reports within a reasonable time after incurring the expense, as determined by the legislative body, and must include receipts documenting each expense.

Additionally, members must also provide brief reports on meetings attended at the local agency's expense at the next regular meeting of the body. Reimbursement records are public records and subject to disclosure on request.

Penalties For Violating Reimbursement Policies

Pursuant to Government Code section 53232.4, members who do not follow expense reporting policies may be exposed to the following penalties:

- (a) The loss of reimbursement privileges.
- (b) Restitution to the local agency.
- (c) Civil penalties for misuse of public resources pursuant to Section 8314.
- (d) Prosecution for misuse of public resources, pursuant to Section 424 of the Penal Code.

Amounts paid consistent with these procedures are excluded from salary that is otherwise subject to the maximums under State law (Govt. Code § 36516(e)) and the Palo Alto Charter, and complying with Sections 53232.2 and 53232.3, as well as any adopted City policy, will ensure that these funds are not counted as salary. Council has directed that salary be increased to the state-law limit, leaving no room, consistent with the current Charter provision, for additional funds should they be classified as salary.

Existing Reimbursement Policies

Under the City Council's Procedures and Protocols Handbook and Management Compensation Plan, the Mayor and Vice Mayor currently respectively receive \$150 and \$100 monthly to defray additional expenses of these offices. Expenses are not currently documented. Council member travel expenses are covered consistent with the Citywide Travel Arrangements and Expense Reimbursement Policy (Administrative Policy 1-02/ASD), attached.

We have also reviewed reimbursement policies from neighboring cities such as Mountain View, Sunnyvale, Los Altos, Los Gatos, Redwood City. These policies all appear to comply with State law and would offer valuable insight in developing a reimbursement policy suitable to Palo Alto's needs. Key considerations for developing a reimbursement policy include:

- **Budget Allocation:** Determining the appropriate budget for reimbursable expenses.
- **Review Process:** Identifying the Department responsible for reviewing requests for reimbursement and issuing reimbursement checks.
- **Procurement Cards:** Considering the issuance of procurement cards for certain City-related expenses.
- **Expense Reporting:** Assigning the Department to receive and manage expense report forms.
- **Reimbursable Activities:** Defining the scope of activities eligible for reimbursement and eligible rates.

Council Member Assistants

At the February 13 meeting, Committee members mentioned an interest in using funds for stipends for assistants retained by Council Members to support Council members in various aspects of their duties. Historically, the Palo Alto Council has not provided paid public employees to serve as staff for individual Council members. Council members who use assistants make their own arrangements privately. If public funds were used to compensate assistants, these individuals likely would need to be treated as public employees. This has significant implications the City's governance model and raises many issues that would impact Council members, assistants, and City administrative staff (e.g. Human Resources) such as minimum wage applicability, supervisory responsibilities, scope of duties, and workplace requirements. Exploration of these issues is beyond the scope of this Council referral. If the Committee is interested in expanding the scope of this topic to include paid staff for Council members, this should be considered by Council as an additional referral.

FISCAL/RESOURCE IMPACT

The City Council contingency fund total allocation is determined each year through the budget process and this program proposes to dedicate some of those funds, thus this is not new funding. However, depending on the program parameters discussed, the appropriate means of

budgeting and staff time resources to administer the program would need to be further assessed.

ENVIRONMENTAL REVIEW

Not a project.

ATTACHMENTS

Attachment A: Los Gatos Reimbursement

Attachment B: Mountain View Reimbursement

Attachment C: Sunnyvale Reimbursement

Attachment D: Los Altos Reimbursement

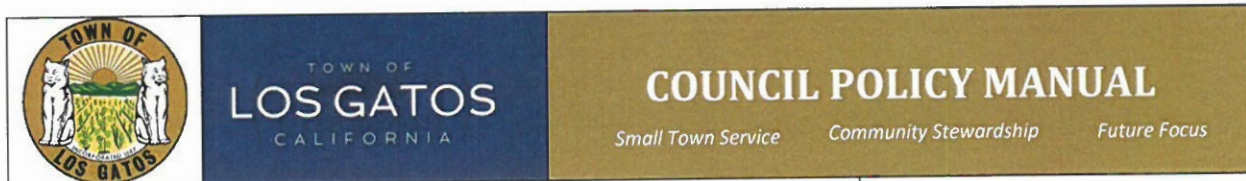
Attachment E: Redwood City Reimbursement

Attachment F: City Travel Policy

Attachment G: February 13, 2024 P&S Report on Council Discretionary Expenditures

APPROVED BY:

Ed Shikada, City Manager


TITLE: Elected Official Travel and Expense Policy
POLICY NUMBER: 2-03
EFFECTIVE DATE: 4/6/2021
PAGES: 1 of 12
ENABLING ACTIONS:
REVISED DATES:
APPROVED:

PURPOSE

The purpose of this Policy is to provide guidelines for the authorization and administration of use of public funds for travel expenses and reimbursements for official Town business as they apply to elected Town officials, including the Mayor, Vice Mayor, and Council Members.

This Policy satisfies the requirements of Government Code Sections 53232.2 and 53232.3 and supplements the definition of actual and necessary expenses for purposes of state laws relating to permissible uses of public resources.

In addition to the distinct elements of this Policy, it is understood that all purchases made with a Town procurement card are subject to the Town Procurement Card Procedure.

GUIDING PRINCIPLES

Travel by elected officials must only be used for authorized Town business. Travel will be authorized only when the cost and purpose result in a benefit to the Town. Elected officials should ensure that all expenses incurred are reasonable and are a prudent use of public funds. Only the authorized elected Town official is eligible for reimbursement (spouses or friends are not eligible for reimbursement).

SCOPE

This policy applies to Town of Los Gatos elected officials when travelling on Town business. Travel categories include:

- Day Trip – travel in California with no overnight stay
- In-State – travel in California with overnight stay
- Out-of-State – travel outside California
- International – travel to destinations outside of the United States

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Expenses incurred in connection with the following types of activities generally constitute authorized expenses, as long as the other requirements of this policy are met:

- a. Communicating with representatives of regional, state and national governments on Town adopted policy positions;
- b. Attending educational seminars designed to improve officials' skill and information levels;
- c. Participating in special events held by local, regional, state and national organizations whose activities affect the Town's interests. These organizations include, but are not limited to, professional organizations for government (i.e., League of California Cities; National League of Cities, US Conference of Mayors), service clubs/non-profits (i.e., Kiwanis, Rotary, Friends of the Library, Los Gatos Community Foundation), business-related organizations (i.e., Los Gatos Chamber of Commerce, Joint Venture Silicon Valley), and other events or organizations which provide services to Town residents, the region or otherwise further the stated goals of the Town Council;
- d. Attending Town, county, regional and interagency events; and/or
- e. Implementing a Town-approved strategy for attracting or retaining businesses to the Town through activities that will typically involve at least one staff member.

PROCEDURES

A. Authorized Travel

Authorized travel means travel by elected Town officials, including the Mayor, Vice Mayor, and Council Members, traveling at the Town's expense for the purposes of attending conferences, seminars, educational classes, training and other business activities related to the administration of municipal government.

As a general procedure, elected officials should attempt to attend conferences or meetings within a reasonable proximity to Los Gatos. If a particular session or conference is offered throughout the year at various locations, the venue closest to Los Gatos should be selected and scheduled accordingly.

At times, elected officials may want to attend conferences or other events associated with the other agencies for which they serve as a Board member as appointed by the Town Council (e.g., Silicon Valley Clean Energy Authority). For those activities, the non-Town agency would be responsible for paying those expenses as they are related to its function. The Town will not cover such expenses for other agencies.

B. Approvals

All travel by elected Town officials in compliance with this Policy may be approved by the Mayor and Town Manager as long as funds are available in the Town Council's program budget.

Any expenditures not expressly authorized by this Policy require prior approval by Town Council. Any expenses which exceed the annual limits which may be established from time to time for individual categories of travel or reimbursement through the Town's annual budget process require prior approval by Town Council.

Proposals requiring Town Council approval will include anticipated costs and a funding source. The following guidelines should be used by the Council when reviewing travel requests:

1. Travel is consistent with current adopted budget and/or legislative priorities, or
2. Clear monetary benefit is evident, or
3. Revenue enhancement opportunity is clearly attainable, or
4. Travel is related to the elected official's roles or duties (i.e., standing committee assignment, liaison assignment, task force assignment, economic development, etc.).

For overnight and out-of-state travel, the fewest number of elected officials as necessary to represent the Town should be selected to attend conferences or events as is reasonable and cost effective. The representative(s) shall report back to the rest of the Council after the trip.

Travel by Town Board, Commission, and Committee members and temporary, probationary, part-time and full-time Town employees shall be governed by the Town Travel and Expense Procedure.

C. Procurement Card Use Policy

The Town does not issue procurement cards to individual elected officials but does have an agency procurement card for selected Town expenses. The elected official may contact the Town Manager's Office staff for access to the procurement card. Town elected officials may use the Town's procurement card for such purposes as airline tickets and hotel reservations. Itemized receipts (not credit card receipts) documenting expenses incurred on the Town procurement card and in compliance with this Policy must be submitted within five days of use to the Town Manager's Office staff member who provided access to the procurement card. The staff member will include the itemized receipts with their monthly Expense Report. Town procurement cards may not be used for elected officials' personal expenses, even if the elected official plans to reimburse the Town. All rules and

regulations put forth in the Town Procurement Card Procedure apply to procurement card purchases.

D. Registration/Tuition Fees

Registration/tuition fees may be paid with a Town procurement card or a Town-issued check. When a credit card fee is charged, a Town-issued check is the preferred method of payment. Elected officials should work with the Town Manager's Office staff for payment of registration/tuition fees. To request a check, a Request for Payment/Check/Per Diem Allowance Form with all required details must be submitted to the Finance Department with the payment deadline clearly marked on the face of the form to assure timely payment.

Any discounts offered for early registration or attendance by additional persons should be obtained whenever possible.

E. Lodging

A hotel stay should be booked when the commute time to/from the conference, seminar, or training would be unreasonable. For a hotel stay at a destination less than 75 miles away from the elected official's home or work location (whichever is closer to the travel destination), the approval of the Mayor and Town Manager is required. Hotel stays over 75 miles from the elected official's home or work location (whichever is closer to the travel destination) do not require separate approval as long as funds are available in the Town Council's budget.

Whenever possible, standard non-deluxe rooms at conference rates should be reserved. If the elected official wishes to reserve other accommodations, only the standard non-deluxe conference room rate is to be charged to the Town. When choosing lodging, Town elected officials should consider the convenience of the location, along with other best rates available. Any hotel upgrades will be at the elected official's expense.

If applicable, lodging costs should not exceed the maximum group rate published by the conference or activity sponsor, provided that lodging at the group rate is available to the elected official at the time of booking. If the group rate is not available, the elected official shall use comparable lodging.

F. Food and BeverageFood and Beverage for One-Day Trips

Meal expenses for trips that are a single day will not be reimbursed unless the elected official is assigned to conduct work during the meal (Per Diem Allowance is not applicable).

Food and Beverage for Overnight Trips

Per Diem Allowance can be located per the table below:

For Travel to:	Lodging and Meal Rates Established by:	Rate Tables Can be Found:
The continental US	US General Services Administration (GSA)	http://www.gsa.gov/ <ul style="list-style-type: none"> Includes 48 Continental States and District of Columbia high cost locations To look up per diem rates, go to https://www.gsa.gov/travel/plan-book/per-diem-rates/per-diem-rates-lookup, search for the location of travel, and check the numbers in the "M&IE Total" and "First and Last Day of Travel" columns. If neither the city nor county is listed, use standard CONUS rates.
The non-contiguous US or US territories	US Department of Defense (DOD)	http://www.defensetravel.dod.mil/site/perdiemCalc.cfm <ul style="list-style-type: none"> Includes Alaska, Hawaii and other US territories Meal breakdown is 25% for breakfast, 30% for lunch and 45% for dinner of total daily meal amount. Town will only pay actual incidental expenses to the GSA limit
Foreign destinations	US Department of State	http://aoprals.state.gov/ <ul style="list-style-type: none"> Listed in US Dollars Meal breakdown is 25% for breakfast, 30% for lunch and 45% for dinner of total daily meal rate Town will only pay actual incidental expenses up to GSA limit

- Food and beverages for overnight trips will be paid to the elected official via a Per Diem Allowance based on the amounts obtained using the websites found in the table above. The Meals and incidentals (M&IE) breakdown is the full amount received for a single calendar day of travel when that day is neither the first nor last day of travel. The amount received on the first and last day of travel equals 75% of the total M&IE.

2. Elected officials should work with the Town Manager's Office staff to obtain a Per Diem Allowance from the Finance Department. The Per Diem Allowance must be obtained either within 30 days before the trip using a Payment/Check/Per Diem Allowance Request Form or within 30 days after the trip using a Claim for Reimbursement Form. Per Diem Allowance requests must include the travel dates, a training/event flyer, and Council approval to travel, if applicable.
3. Food and beverage purchases while on an overnight trip may not be made with a Town procurement card and are not reimbursable. A Per Diem Allowance for meals must be obtained for food and beverage purchases within either 30 days before or after the trip.
4. If a meal is provided as part of the business event, the Per Diem Allowance will be reduced accordingly, using the numbers obtained from the websites in the table above. For example, if breakfast or lunch is included in the registration fee for a conference, the Per Diem Allowance for that day will not include the allowance for that meal or meals. Continental breakfasts provided as part of lodging will not be counted as a pre-paid meal and elected officials may be reimbursed for regular breakfasts. If the elected official has special dietary needs, efforts should be made to see if the event provider can accommodate them. If the conference is unable to accommodate the elected official's dietary needs, an additional meal purchase for a meal to replace the one provided by the conference may be provided if there are sufficient budgetary funds available.
5. Dining tips are included in the Per Diem Allowance.
6. The Per Diem Allowance includes "incidental" purchase, described by the GSA as fees and tips given to porters, baggage carriers, hotel staff, and staff on ships.

G. Personal Charges

Personal charges (i.e., movie charges, spousal/guest expenses, golf or fitness charges etc.) are the responsibility of the traveling elected official.

H. Use of Personal Vehicle – Mileage Reimbursement

All mileage reimbursements shall be based on the current IRS applicable rate (see www.irs.gov). When using a personal vehicle for a trip which originates from the elected official's home, the mileage reported for the reimbursement should be from the home or the Town Civic Center (110 E. Main Street, Los Gatos CA 95030), whichever is less. Elected officials should work with the Town Manager's Office staff to submit a Mileage Reimbursement Form to the Finance Department.

Mileage reimbursements should be submitted within 30 days of return from the trip. A training/event flyer and schedule should be attached as well as driving directions from Google Maps, Mapquest or other website showing the distance travelled.

I. Transportation

The most economical method and type of transportation reasonably consistent with the scheduling need must be used, using a direct and time-efficient route. The cost of a rental vehicle, parking and fuel shall be compared to the combined cost and time of other such forms of transportation and the most cost-efficient method shall be used. Only the amount for the most cost-efficient, reasonable method of transportation is reimbursable, even if that method is not used (i.e., elected official will pay the difference if they choose to take a more expensive method of travel).

In the event of an automobile accident while traveling on Town business, a Vehicle Accident Reporting Form must be filled out and submitted to the Town Manager within 24 hours of the vehicle accident, if possible.

Airfare

1. Airline transportation costs to and from the authorized destination will not exceed advance-purchase economy-class airfare unless such fare is not available.
2. Transportation to and from airports will be reimbursed for either actual mileage if personal vehicle is used, or for reasonable taxi fare, rideshare, airport van, or other public transportation. Reimbursable mileage includes travel to the airport from the home or Town Civic Center, whichever is closer.
3. The charge for the first piece of personal baggage for the elected official may be reimbursed.
4. If a personal vehicle is parked at the airport for more than one day, the cost of parking will be reimbursed at the long-term parking rate. Parking will not be reimbursed for more than one day at the short-term rate.
5. Any additional airline fees will not be reimbursed (i.e. for early check-in or seating upgrades).

Vehicle Rentals

1. Rental vehicles are only allowed when needed for business purposes and when there are budget funds available. When renting a vehicle, elected officials should use standard or economy models. Larger vehicles are allowed if there is no additional cost to the Town, or if special circumstances exist such as medical needs, disabilities, weather conditions, multiple elected officials who will occupy the vehicle, etc.

2. When a rental vehicle is needed for travel, it can either be booked using the elected official's personal credit card and later submitted for reimbursement with itemized receipts, or it can be booked using the "Rental Car Purchasing Card" from the Finance Department. The elected official should work with the Town Manager's Office staff for this process. If using the Rental Car Purchasing Card, the vehicle shall be rented from one of the companies the Town has a business rewards account with: Budget or Avis. The most cost-efficient option for the trip should be selected. The discount number and billing PIN to be used for the appropriate rental company can be obtained from the Finance Department and the Town Manager's Office staff can assist the elected official with this information.
3. It is the rental vehicle driver's responsibility to ensure that vehicle rental costs are kept to a minimum. This includes returning the vehicle to the same location, retuning the vehicle with a full tank of gas, declining GPS and pre-paid gas options, etc.
4. For rental vehicles booked using an elected official's personal credit card, elected officials should purchase the Collision/Loss Damage Waiver insurance when travelling domestically. Elected officials shall waive any other additional vehicle insurance options provided that the elected official has their own vehicle insurance coverage. Elected officials should contact their auto insurance company beforehand to confirm coverage. Any questions about coverages should be addressed ahead of time with Town staff. When travelling internationally, additional insurance should be accepted if the elected official lacks other similar coverage.
5. For rental vehicles booked using the Rental Car Purchasing Card, elected officials should decline the rental company's Collision/Loss Damage Waiver insurance as they are covered by the Auto Rental Collision Damage Waiver Program through the Purchasing Card.
6. Rental vehicles should not be taken across the US Border unless prior approval is received from the Town Council. The Town is not responsible for any border fees if no prior approval was given and the elected official must reimburse the Town for these fees if applicable.
7. The Town is not responsible for the fees associated with paid "express" lanes, where drivers must pay a toll in order to use a separate, less congested lane. The elected official must reimburse the Town for this expense if applicable.
8. The Town will reimburse all bridge and road tolls, except for redundant toll roads that parallel state or federal highways (e.g. Highway 73 in Orange County, California).
9. The elected official is liable for any "damages" to the rental car during the course of rental. The Town Rental Car Purchasing Card on file will only be used for the cost of the rental vehicle booked up front. If the elected official damages the vehicle, upon return of the vehicle, they will need to provide an alternate form of payment for any of these "incidental" expenses.

10. In case of any event, incident or accident related to the rental vehicle, the elected official must notify the Town Manager as soon as possible. A Vehicle Accident Reporting Form must be filled out and submitted within 24 hours of a vehicle accident, if possible.
11. Elected officials may only use the Town's business rewards program discount number for authorized Town travel. The Town's business rewards program discount number may not be used for leisure travel.

Ground Transportation

1. Ground transportation (i.e., taxis, rideshares, bikeshares, scootershares, buses, and/or shuttles) will be reimbursed when incurred in overnight or away from home travel.
2. Taxi or rideshare (i.e., Uber/Lyft) or bikeshare/scootershare costs may be reimbursed for one-day or multiple-day travel, keeping in mind that the most cost-effective mode of transportation should be taken.

Public Transportation

1. Bus, train or other methods of public travel are authorized when such modes are more appropriate and economical.

J. Miscellaneous Expenses

Examples of miscellaneous expenses include, but are not limited to: taxi, rideshare, shuttle fares, tips, internet charges, and parking.

1. Taxi/rideshare/bikeshare/scootershare, bridge tolls, and ferry fares associated with official business will be reimbursed when supported by itemized receipts.
2. Actual costs for parking will be reimbursed when supported by itemized receipts. In a situation where no receipt is given (i.e., parking meters), a Missing Receipt Form must be submitted.
3. Hotel internet or Wi-Fi charges for work purposes will be reimbursed when supported by itemized receipts.
4. Town business meal purchases, where Town business is discussed and a mealtime meeting is unavoidable due to scheduling restrictions, are reimbursable expenses. The statement reconciliation should list each person in attendance as well as a description of the Town business discussed. If the elected official dines with another person and is unable to split the check, the receipt should be clearly marked as to the items purchased for the elected official. Alcohol is not reimbursable. Business meal purchases do not apply to overnight travel meals where a Per Diem Allowance is applicable.
5. A Per Diem Allowance includes "incidental" purchases, described by the GSA as fees and tips given to porters, baggage carriers, hotel staff, and staff on ships.

K. Town Checks

Town checks for registration will be made payable only to the organization officially conducting the meeting. If the elected official is in need of a check for registration, one will be issued upon notification to the Finance Department. The Town Manager's Office staff can assist the elected official with this process. The notification to the Finance Department should include a Request for Payment/Check/Per Diem Allowance Form, the training/conference flyer, registration deadline, and Council approval if applicable.

The Town will issue approved reimbursement checks directly to the elected official.

L. Mileage Reimbursement and Claim for Reimbursement**1. Required Documentation**

A Mileage Reimbursement Form and Claim for Reimbursement Form must be completed to document travel/mileage/activity/purchases or process requests for travel reimbursement. These forms must include the following documentation:

- a. Documentation that describes the nature of travel (i.e., a copy of the conference flyer and schedule).
- b. Copies of receipt(s) that itemize purchases, including date of purchase and location.
- c. Authorization to travel, if applicable.
- d. Mileage Reimbursements should include driving directions from Google Maps, Mapquest or other website showing the distance travelled.
- e. If the elected official does not have an itemized receipt, a Missing Receipt Form must be filled out. Missing Receipt Form Purchases will be evaluated on a case-by-case basis and may not be reimbursed. If more than three Missing Receipt Forms are submitted for purchases made with a Town procurement card within a twelve-month period, the elected official's privilege to use the Town procurement card may be reviewed and/or revoked.
- f. No individual food or beverage purchases will be reimbursed for an overnight trip. The elected official must request a Per Diem Allowance for the trip.

2. Deadline to Submit Mileage Reimbursement/Claim for Reimbursement Form

The Mileage Reimbursement Form and Claim for Reimbursement Form should be submitted within 30 days of travel meeting/date. Claims for reimbursements that are not turned in within the requested timeframe may not be honored, resulting in a cost to the elected official.

3. Signatures on Reimbursements

Travel expenses such as Mileage Reimbursements and Claims for Reimbursements submitted by Council Members must be signed by the Mayor and the Town Manager. Reimbursements for the Mayor must be signed by the Town Manager and Finance Director.

M. Limitations on Reimbursements

All reimbursements shall be consistent with those allowed under state and federal law which shall prevail over interpretation of this Policy, express or implied.

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

Reimbursement is expressly conditioned upon sufficient funds being budgeted as part of the annual Town budget.

N. Non-Reimbursable Expense

The following personal expenses are not allowable for reimbursement:

- a. Traffic, toll, and parking violations
- b. Fees to drive in a paid "express" lane or parallel paid freeway (e.g., Highway 73 in Orange County, California)
- c. Mileage for regular commute (such as to the Town Civic Center for Town Council meetings)
- d. Emergency repairs on personal vehicles
- e. Alcohol/tobacco
- f. Individual food and beverage purchases while on overnight travel (Per Diem Allowance must be requested)
- g. Medicinal remedies, health supplies, cosmetics, toiletries
- h. Personal entertainment such as in-room movies, fees for exercise room, sports event, personal reading materials, personal grooming, optional tours, souvenirs
- i. Childcare fees
- j. Kennel/boarding fees (except for Town-owned animals)
- k. Expenses related to an elected official's family member or friend
- l. Political or charitable contributions or events
- m. Short term airport parking exceeding one day
- n. Any additional airline fees (i.e., for early check-in or seating upgrades)

- o. Other incidental expenses that are determined to be of a personal nature, extravagant, or might be considered unreasonable or unnecessary

O. Audits of Expense Reports

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

P. Reports to Governing Boards

At the next public governing body meeting following the travel and/or expenditure, each elected official shall briefly report on meetings, conferences, or seminars attended at the Town's expense. If multiple elected officials attended, a joint report may be made. The report may be made orally or in writing.

Q. Compliance with Laws

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

R. Violations of this Policy

Under state law, misuse of public resources or falsifying documents in violation of this Policy may result in any or all of the following: (1) loss of reimbursement privileges, (2) a demand for restitution to the Town, (3) the Town reporting the expenses as income to the elected official to state and federal tax authorities, (4) civil penalties of up to \$1,000 per day and three times the value of the resources used, and (5) prosecution for misuse of public resources.

APPROVED AS TO FORM:



Robert Schultz, Town Attorney

CITY COUNCIL POLICY

SUBJECT: CITY COUNCIL POLICY GOVERNING EXPENSES OF THE COUNCIL NO.: A-2

PURPOSE:

This Policy establishes the guidelines and standards regarding reimbursement of actual and necessary expenses of the City Council incurred in the performance of official City duties.

1. Policy, Legislative Intent, and General Rules

- a. Councilmembers may incur miscellaneous expenses in fulfilling the responsibilities of an elected official. All expenditures of public funds must be related to the performance of City business. Councilmembers may be reimbursed for actual and necessary expenses incurred in the performance of authorized City business and official duties in conformance with this Policy.
- b. City funds, equipment, supplies (including letterhead), titles, and staff time must only be used for authorized City business, including the Document Processing Center, voice mail services, document imaging systems, computers, copy machines, etc.
- c. Councilmembers, upon request, will be provided with City procurement cards or credit cards, which may be used only for the purposes and in the amounts provided for in this Policy and the Procurement Card Policy 2-11. Detailed receipts of charges on City purchasing cards must be remitted to the City Clerk's Office in a timely manner in support of the monthly statements.
- d. The amounts identified in this Policy for each specific purpose cannot be exceeded or combined with an amount budgeted for another purpose, nor may amounts be carried over from one year to the next.

CITY COUNCIL POLICY

SUBJECT: CITY COUNCIL POLICY GOVERNING EXPENSES OF THE COUNCIL NO.: A-2

2. Authorized Expenses

Expenses incurred in connection with the following types of activities generally constitute authorized expenses, as long as the other requirements of this Policy are met:

- a. Communicating with representatives of regional, State, and national government on City-adopted policy positions;
- b. Attending educational seminars designed to improve an official's skill and knowledge levels directly related to City business;
- c. Attending a conference or organized educational activity conducted in compliance with Government Code Section 54952.2(c), including ethics training required by Government Code Sections 53234, *et seq.*;
- d. Attending a meeting of any multi-jurisdictional governmental body on which the Councilmember serves as the City's designated representative;
- e. Attending any meeting or providing service on a given day at the formal request of the Council or attending other regional events or meetings where representing the City in an official capacity;
- f. Participating in regional, State, and national organizations whose activities affect the City's interests, including, but not limited to, National League of Cities, League of California Cities, Association of Bay Area Governments, Santa Clara County Cities' Association, Joint Venture Silicon Valley, Sustainable Communities, Santa Clara Valley Transit Authority, or U.S. Conference of Mayors;
- g. Attending City events;
- h. Implementing a City-approved strategy for attracting or retaining businesses to the City, which will typically involve at least one staff member; and

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- i. Dinner or admission expenses for a spouse or guest in accordance with Section 8.a.

3. Expenditures Requiring Council Approval

Except as set forth in Section 2, all other expenditures require prior approval by the Council at a public meeting. Any questions regarding the propriety of a particular type of expense should be resolved by the Council before the expense is incurred.

4. Erroneous Charges of Payments

Expenses charged to a City account or paid in error that are unauthorized per Section 4.a and nonrefundable expenses per Section 4.b under this Policy shall be reimbursed to the City within 30 days of notification.

a. Unauthorized Expenses

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

- The personal portion of any trip; any portion of the trip not related to City business;
- Expenses for any individual other than the Councilmember on City-related business, activities, or events, except as set forth in Section 8.a;
- Entertainment expenses not related to City business, for example: theater, in-room movies, sporting events or activities, personal services, voluntary events;
- Personal automobile expenses, including repairs, traffic citations, insurance, or gasoline, with the exception of mileage reimbursement, pursuant to Section 7.b;

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- Personal losses incurred while on City business;
- Expenditures of a personal nature (incidentals, clothing, etc.);
- Reimbursement for local meals not associated with an overnight event;
- Reimbursement for political contributions or expenses for events sponsored by political organizations, candidates, office holders, or for other political purposes;
- Charitable contributions, expenses, or events;
- Expenses reimbursed by other organizations. Expenses for which a City Councilmember receives reimbursement from another agency are not reimbursable. The amount of travel expense reimbursed to the City by organizations such as the U.S. Conference of Mayors, National League of Cities, League of California Cities, or other organizations for travel by a Councilmember shall be credited to the travel budget of that Councilmember;

b. Reimbursements of Nonrefundable Expenses

Councilmembers must reimburse the City with personal funds for any nonrefundable expenses if they register for an event (e.g., conference, dinner meeting, etc.) but do not attend, unless they designate a substitute attendee, or if they cannot attend as the result of a personal illness or emergency, which is limited to one paid event per year.

5. Management Development Funds

Councilmembers are eligible for Management Development Funds, which may be combined with amounts provided under this Policy, as follows:

- a. Management Development Funds may be used in accordance with the City's Management Development Policy No. 3-2.

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- b. Amounts shall be the same as unrepresented employees.
- c. Travel Funds may not be used to supplement Management Development Funds.

6. Equipment, Supplies, and Communication Expenses

a. Miscellaneous Supplies

The following supplies and materials are available to Councilmembers at City Hall for use in conducting official City business:

- A card key for access to City Hall, to be returned when a Councilmember leaves office;
- Miscellaneous office supplies such as paper, writing materials, digital storage devices;
- Business cards.

b. City Souvenirs

City souvenirs are intended for official distribution. A log sheet describing the type and number of items requested by a Councilmember shall be maintained by the City Clerk and copy of the log shall be distributed to the Council quarterly or semiannually. Souvenirs shall be regulated to the following types of items:

- One City logo item per year, at the discretion of the Mayor, is included as part of the City Council budget.

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c. **Communication Costs and Allowances**

Communication tools (e.g., telephones, fax lines, cell phones, data plans, computers and Internet access) are necessary for Councilmembers to fulfill their responsibilities of communicating with constituents, City staff members, and others in the course of City business. Each Councilmember shall receive an annual communication budget, and the Mayor shall receive a supplemental amount as adopted by the Council in the annual Adopted Budget. This budgeted amount is intended to cover all telecommunication costs including telephones, fax lines, cellphones, data plans, computers, Internet access, etc.

A communications allowance or stipend shall be provided to each Councilmember semi-annually based on the amount included in the Adopted Budget for cellular telephones and tablet devices. The communication allowance shall be a reasonable amount to represent the reimbursement for actual costs associated with telecommunication items noted above.

For all other communication costs (e.g., telephone, fax lines, computer data plans, and Internet access), amounts shall be reimbursed based on actual costs and detail receipts shall be required for all reimbursement claims.

Such items used shall be for business purposes with a *de minimis* amount of personal usage allowed. Amounts provided are subject to IRS regulations and guidelines.

d. **Per-Term Allowances**

Councilmembers must have office equipment to discharge their functions and communicate with staff. For each term of office, Councilmembers will be reimbursed by providing supporting documentation, up to the amount adopted by the Council for office equipment. Amounts may not be combined. Any unspent amounts do not carry forward to a subsequent term.

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- Computer, Printer and Peripheral Equipment, Fax Copier, Answering Machine, Cellular Phone, Pager, Personal Devices (such as a smart phone, tablet, laptop, etc.), and the actual costs of installing up to two (2) telephone lines, incurred after election to the Council: amount per term as included in the Adopted Budget for the fiscal year elected to office.
- Reimbursement for warranty plans or repairs of office items is allowed. Allowance may not be used for monthly service or usage charges.

7. Council Travel, Meals, and Lodging

All expenses must be incurred in the course of official Councilmember duties for the City. The expenses described in this section shall not exceed the budget allocated to each Councilmember in Section 9 of this policy. All expenses and reimbursement claims must be documented with detailed receipts; however, a City Incidental Expense Receipt Form may be used to claim reimbursement for those incidental expenses for a receipt which is lost or not normally provided. Expenses permitted while traveling outside of the City include, but are not limited to, the following:

- a. Airfare. Transportation costs to and from the authorized destination shall not exceed economy-class airfare unless such fare is not available.
- b. Automobile Mileage; Parking; Tolls. Parking, bridge, and road tolls (including FasTrak and mileage (which shall be recorded and reimbursed at the current Internal Revenue Service rate for nonitemized travel)). [NOTE: See *www.irs.gov*.] .
- c. Car Rental. Rental rates must be the best available rate for a midsize or smaller car.
- d. Taxis/Shuttles. Taxi or shuttle fares, including a 15 percent gratuity per fare, when the cost of such fares is equal to or less than the cost of car rentals, mileage, and parking combined, or when such transportation is necessary for time efficiency.

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- e. Airport Parking. Long-term parking must be used for travel exceeding 24 hours.
- f. Baggage. Baggage fees for up to two pieces of checked bags.
- g. Telecommunication Charges. Official business incurred when traveling such as faxing, photocopying, or computer service; and other normal, necessary, and reasonable expenses.
- h. Lodging. If lodging is required in connection with a conference or meeting, lodging expenses shall not exceed the maximum group rate published by the conference or activity sponsor for the meeting if such rates are available at the time of booking. If the group rate is not available, the Councilmember shall use comparable lodging at the best available rate for that area.
- i. Meals. Meal expenses, associated gratuities, and incidentals up to a total of One Hundred Dollars (\$100) per day, with detailed receipts provided.

8. Local and Miscellaneous Expenses

- a. Guests. Dinner or admission expenses which require a Councilmember's attendance as an official representative of the City and at which a guest would be invited to attend, is permitted. Each Councilmember is allowed to utilize his or her expense account for guest expenses for a maximum of four events. The Mayor is allowed two additional guest expenses for a total of six events.
- b. Local Meals. Costs incurred by a Councilmember for local meals or lunches in the course of meeting with constituents, staff, or other Councilmembers are not reimbursable and shall not be charged on a Councilmember's procurement card.

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- c. Admission Cost. The portion of the cost of admission or a ticket or donation to an event which represents a charitable, political, or other contribution is not an authorized expense and not reimbursable.
- d. Professional Development. Costs incurred for professional development (seminars, publications, and memberships) related to a Councilmember's duties as an elected official may be reimbursed as provided for in the City's Professional/Management Development Program Policy and this policy, and are the same amount as provided to unrepresented employees.

9. Budget

- a. Annual Council Budget. The annual budget for the Council expenses shall be recommended by a subcommittee of the Council and approved by the Council in the annual City budget.
- b. Mayor's Budget. A supplemental amount may be allocated to the Mayor to be used as a contingency for the additional duties of the office. Because the term of the Mayor does not coincide with the fiscal year, the incumbent Mayor will be allocated one-half of this amount for each of the two fiscal years in office.
- c. Budget Adjustments. Outgoing Councilmembers shall be allocated 50 percent of the budget for their seat. Incoming Councilmembers shall be allocated 50 percent of the budget for their seat.
- d. Training and Conference Reserve. A training and conference reserve (the "Reserve") account shall be established in an amount approved by the City Council. The Reserve may be used by any Councilmember, Mayor, or Vice Mayor who has exhausted the amount budgeted for Training, Conference, and Travel for their seat, for a purpose consistent with this Policy. The Mayor or Vice Mayor must give prior approval for use of the Reserve by Councilmembers in accordance with Section 10.d.

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- e. ~~Councilmember Budgets. Following adoption of the annual budget, upon request, staff will work with each Councilmember to develop an annual budget within the allocated amount for each member in order to provide a monitoring tool for Councilmembers.~~
- f. No Transfer of Councilmember Budget. The budget amount allocated to a Councilmember may not be used to pay for the expenses of, or transferred to, another Councilmember.
- g. Amendment. The budget may be amended by the Council at any time.

10. Monitoring and Reporting

- a. Expense Report. All expenses and claims for reimbursement shall be submitted to the Finance and Administrative Services Department on City expense report forms within 60 days of the incurred expense, and within the fiscal year in which they were incurred. All expense reports shall be accompanied by detailed receipts and shall document that the expenses comply with this Policy for expenditure of public resources. Inability to provide such documentation in a timely manner may result in the expense being borne by the Councilmember. All expense reports are subject to audits.
- b. Tracking Expenses. Expenses of Councilmembers are tracked individually against the budgeted amount and reported to Councilmembers as requested.
- c. Receipts Required. Detailed, itemized receipts are required for all expenses and reimbursement claims.
- d. Use of Reserve Except as Otherwise Provided in Section 9.d of this Policy. The Mayor, or Vice Mayor in the absence of the Mayor, must approve use of the Reserve under Section 5.d of this policy and shall interpret any questions of policy, legislative intent, and interpretation of a questioned expenditure consistent with this Policy. Neither the Mayor nor Vice Mayor may make interpretations or determinations regarding their own expenditures or use of the "Reserve." The Vice Mayor must approve any use of the Reserve for

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expenditures of the Mayor. Disputes may be appealed to the Council Finance Committee by individual Councilmembers.

- e. Personal Responsibility for Payment. Expenditures in excess of the budget amounts or any expenditure not in compliance with this Policy is the responsibility of the individual Councilmember.
- f. Report to the Council. Each official shall briefly report on meetings attended at City expense at the next scheduled Council meeting. If multiple Councilmembers attended, a joint report may be made.

11. 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: (1) loss of procurement card and/or reimbursement privileges; (2) a demand for restitution to the City; (3) the City's reporting the expenses as income to the elected official to State and Federal tax authorities; (4) civil penalties of up to \$1,000 per day and three times the value of the resources used; and (5) prosecution for misuse of public resources pursuant to Section 424 of the Penal Code.

Revised: March 21, 2017, Resolution No. 18129

Revised: April 24, 2007, Resolution No. 17203

Revised: June 22, 2004, Resolution No. 16904

Revised: November 19, 2002, Resolution No. 16748

Effective Date: July 29, 1963

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Policy 7.4.2 Council Equipment, Materials, and Supplies

POLICY PURPOSE:

It is the purpose of this policy to establish guidelines and standards regarding the provision of supplies and materials for Councilmembers.

POLICY STATEMENT:

- I. Certain supplies and materials are required by Councilmembers to discharge their functions. The City Manager shall make available to Councilmembers the following materials and supplies when requested, which shall be used predominantly for City business and only incidentally for personal use:
 - A. The means to access City Hall, both the Office of the City Manager administrative suite as well as the Council conference room.
 - B. One file cabinet (upon request) per four-year term to be returned to, or purchased from, the City at market rate when a Councilmember leaves office.
 - C. Customary office supplies and business cards for official City use. Individual Councilmembers shall have the choice of business cards from a set of standard City options. Councilmembers shall not use business cards that do not reflect their official position or title (i.e., Mayor, Vice Mayor, or Councilmember) at the time of use.
 - D. A technology allowance in the amount of \$1,720 per Councilmember per four-year term for the purchase of equipment including, but not limited to, a personal computer; printer; laptop; fax; or mobile electronic device, such as a cell phone, tablet, or notepad. Equipment purchased with this allowance shall be consistent with standard City issue, or approved by the Director of Information Technology, and shall be returned to or purchased from the City at market rate when a Councilmember leaves office. An amount not to exceed \$79 per month (non-taxable) shall be reimbursed for monthly service charges for equipment purchased under this policy.
 1. Commencing on January 1, 2022, and annually on January 1 thereafter, the technology allowance and monthly service charge reimbursement shall increase by a percentage equal to the percentage increase in the preceding October's twelve-month rolling average of the Consumer Price Index-Urban (CPI-U), or successor index, for San Francisco-Oakland-San Jose, as determined by the United States Department of Labor, Bureau of Consumers. The CPI-U base index year shall be calendar year 2021.

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CPI-U Adjusted Amounts

Year	Technology Allowance	Service Charge Reimbursement
2021	\$1,720	\$79

2. Public Records Act and Brown Act issues are associated with the use of these types of equipment. To the extent the equipment is used for the performance of official City business, much of the data contained in the equipment is public property and considered a public record, therefore subject to all Public Records Act and Brown Act policies.
- E. Newly-elected and incumbent Councilmembers shall receive one City logo branded piece of clothing per Council term year, style to be chosen by individual Councilmembers from standard choices available. Newly-elected Councilmembers will receive their first piece of clothing in the first quarter following the certification of election results. In the first quarter of the calendar year, a request for style preference will be sent to newly-elected and incumbent Councilmembers from the Executive Assistant to the City Council in preparation of ordering shirts for the next calendar year.
- F. Newly-elected Councilmembers, or Councilmembers who have changed titles after a Council election, shall receive a City name badge reflecting their new title.
- G. Technical Support. Technical support to maintain and facilitate the use of equipment is limited to official duties. Support will only be provided for equipment purchased in accordance with section I.D. of this policy, and only at the same level as is provided to City employees. Councilmembers must bring equipment to City facilities for repair or on-site maintenance. The Executive Assistant to Council coordinates the transport and return of equipment to be serviced by IT staff.

(Adopted: Council Policy Update, RTC #14-0061 (November 25, 2014); Amended RTC #15-0317 (April 7, 2015); RTC #21-0099 (January 12, 2021))

Lead Department: Office of the City Manager

For reference, see also:

- Council Policy Manual 7.4.1, Section II, *Implementation*
- Council Policy Manual 7.4.11, *Council Files*
- City Charter, Section 807, *Prohibition Against Councilmanic Interference*
- Code of Ethics and Conduct for Elected Officials

Policy 7.4.4 Council Travel and Conferences

POLICY PURPOSE:

It is the purpose of this policy to define the City's expectations of Councilmembers who travel in connection with their work responsibilities and to clarify which expenses the City will fund and which expenses are considered the personal responsibility of the traveler.

POLICY STATEMENT:

The City expects to pay all reasonable costs incurred by Councilmembers traveling on approved City business; travel is a privilege and not a right conferred by election; Councilmembers are expected to use sound fiscal stewardship when expending public funds, and to travel in the most logical and least expensive manner possible.

I. Authorization.

- A. Mayor approval (or Vice Mayor for Mayor) is required in advance of any Councilmember travel that requires a commitment of City funds. Authorization shall be sought via submittal of a Travel Authorization Request (TAR).
- B. Any denied travel shall be accompanied by the reason(s) for denial, which shall be limited to the following:
 - 1. Requesting Councilmember has insufficient funds to pay for the intended travel. (See Section II, *Council Travel Budgets*, below.)
 - 2. The purpose of the intended travel does not meet one or more of the following:
 - a. Represent the City in a Council-approved/ratified Intergovernmental Relations role.
 - b. Advocate official City positions on key legislation, policies or programs.
 - c. Attend a conference or meeting arranged by an organization of which the City is a member.
 - d. Conduct presentations at a conference or workshop with the goal of improving the efficiency and performance of government in general.

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- e. Become better informed regarding key legislation, policies or programs impacting local government.
- 3. Failure to adhere to the provisions of this Council Policy 7.4.4. (i.e., not submitting expense forms or receipts on time).

II. Travel Budgets.

- A. Council shall establish travel budgets as part of the annual City budget process.
- B. Travel budgets for Councilmembers up for election or due to leave office in any particular year shall be prorated to ensure adequate travel funds are available for incoming Councilmembers. The percentage of travel funds allocated to outgoing/incoming Councilmembers shall be determined by staff and based on ensuring the ability of whoever is in office at the time to attend the scheduled dates of the National League of Cities (NLC) Congressional City Conference; the NLC Congress of Cities and Exposition; and the League of California Cities' (LCC) Annual Conference and Exposition. Any unspent funds allocated to an outgoing Councilmember's seat shall be carried over to the incoming Councilmember's budget. The Mayor's budget will be allocated similarly.
- C. Each Councilmember will be provided with an update of his/her travel budget, including balance and itemization of expenses on a monthly basis by the Executive Assistant to Council. The Mayor (who authorizes payment of expenses) will also receive the same information on each Councilmember's expenditures. The Executive Assistant to Council shall send a notification to any Councilmember whose budget is close to being overdrawn, copying the Mayor, the City Manager, and the Assistant City Manager.
- D. Councilmembers shall not exceed authorized amounts budgeted for travel. Any and all travel expenses in excess of a Councilmember's approved budget shall be reimbursed to the City by the Councilmember.
- E. Mid-year increases in travel budgets are discouraged and shall generally be considered only if Councilmembers can demonstrate that additional amounts are for unforeseen expenses that could not be anticipated prior to the initial adoption of the annual travel budget.
- F. There are two ways for a Councilmember to increase his/her approved travel budget:
 - 1. The adopted travel budget can be amended on a case-by-case basis during the fiscal year by approval of the City Council at a public

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meeting. Councilmembers desiring an increase in their annual travel budget shall provide an estimate of the additional amount prior to actual travel or expenditure of funds. Justifications for the budget increase shall also be included with the request for additional funds. All increases in travel budgets must be approved by a majority vote of the full Council prior to actual travel or expenditure of additional funds.

2. Councilmembers may choose at any time to relinquish a portion of their unspent travel budget to another Councilmember. Any Councilmember wishing to do so shall notify the Executive Assistant to Council and the City Manager in writing. Otherwise, the remaining balance of unspent funds at the end of the fiscal year shall return to the General Fund.

- G. Any carryover of Council travel budgets from one fiscal year to the next shall require the approval of the Council during the annual carryover process.

III. Travel Arrangements.

- A. Travel arrangements shall be made as far in advance as possible to obtain the best possible fares and rates. Registration for conferences and training shall be made far enough in advance to take advantage of early (discounted) fees, and to avoid late registration fees. If travel arrangements must be canceled for any reason, the person who made the arrangements shall cancel them in sufficient time to prevent the City from incurring unnecessary costs when possible.
- B. Unless Councilmember's opt to book their own travel, staff shall make arrangements for City Council travel including registrations, transportation and lodging, and travel cash advances (if requested by the Councilmember). Staff shall prepare a travel information packet for each Councilmember traveling to any of the main annual conferences: the National League of Cities (NLC) spring and fall conferences, the League of California Cities (LCC) annual fall conference, and the U.S. Conference of Mayors (USCM) spring and summer conferences.

IV. Transportation.

- A. Travelers shall use whatever mode of transportation is the most logical and least expensive. If a Councilmember elects to use a mode of transportation other than the most logical and least expensive, the City shall pay only the cost of the most logical and least expensive mode.

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- B. Air Travel. Councilmembers shall not limit their air travel options by specifying an airline. The airline offering the lowest fare for a logical route shall be selected.
- C. Use of Private Vehicles. Councilmembers shall be compensated for the use of their private vehicles for approved business travel at the current IRS standard mileage rate, provided that it is the most logical and least expensive method of transportation. The City shall pay all expenses, such as bridge tolls and parking fees, incurred as the result of a Councilmember's authorized use of a vehicle while traveling on City business. Councilmembers requesting reimbursement for the payment of such expenses shall obtain receipts and submit them with their Travel Expense Reports. To drive a City or privately owned vehicle on City business, Councilmembers must possess a valid California driver's license. A driver of a privately owned vehicle must also carry adequate liability insurance coverage, and be responsible for any damage, service, or repair to the car occurring on the trip, as these costs are included in the City's per mile cost reimbursement.
- D. Train and Other Mass Transit. Councilmembers shall be compensated for train or other mass transit fares and fees provided that it is the most logical and least expensive method of travel.
- E. Ground Transportation at Destination. Supplementary transportation within the destination city shall be accomplished by hotel courtesy buses, local shuttle services or public transportation, if available and logical. Taxi or car service may be used when no other convenient, less costly mode of transportation is available.
- F. Rental Vehicles. Rental vehicles shall be used only when no other mode of transportation is available or when alternate transportation would be more expensive or impractical and must be authorized in advance. If a rental vehicle is authorized, Councilmembers shall request the least expensive vehicle category that meets their needs. Optional insurance offered by the rental agency should be declined.

V. Lodging.

- A. The City shall pay lodging expenses for approved travel, including the evening preceding or subsequent to a meeting or business event when the Councilmember would otherwise have to travel from his/her residence before 6 a.m. or after 9 p.m. to reach or return from his or her destination.
- B. When there is not a specific lodging site associated with official City business, the City shall pay for actual lodging expenses up to the General Services Administration (GSA) maximum rate allowed by location

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(<http://www.gsa.gov/portal/category/21287>). Note that the GSA maximum rate applies to the base room rate only, and does not include taxes. Every effort shall be made to obtain lodging at or near the facility where official City business is to take place to minimize travel time and transportation costs. The lodging should also be clean, safe and appropriate for business travel. Government rates are often available and should be sought.

- C. The City shall pay only for standard single rooms at conference, government or corporate rates. The City shall pay additional charges for a double room only if two Councilmembers share the room. Additional charges arising from the registration or the sharing of a room with a spouse or guest are not reimbursable.
- D. Councilmembers shall notify the Executive Assistant to Mayor and Council regarding any reservations for lodging they will not use. Any charge for an unused reservation shall be considered the Councilmember's personal expense unless failure to cancel the reservation was due to circumstances reasonably beyond the Councilmember's control.

VI. Meals.

- A. The City shall pay for a Councilmember's meals during authorized travel, including tax and tips, up to the per diem amount established by the GSA for the destination location (available at: <http://www.gsa.gov/portal/category/21287> —“Meals Breakdown”), except that the City shall not pay for the following:
 - 1. Breakfast on the first day of travel.
 - 2. Meals that the Councilmember elects to purchase from another source when the meals are included in the cost of a conference, training registration fee, or hotel stay.
 - 3. Alcoholic beverages.
- B. The City shall pay for meals during partial days of travel on a pro-rated basis, as follows:
 - 1. If the partial day includes travel before 8 a.m., the City shall pay for breakfast.
 - 2. If the partial day includes travel between 11 a.m. and 1 p.m., the City shall pay for lunch.
 - 3. If the partial day includes travel after 5 p.m., the City shall pay for dinner.

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- C. Any meal reimbursement where a Councilmember is not required to travel away from home overnight shall be taxable in the amount of the meal reimbursement under Internal Revenue Code Section 162(a) (2).

VII. Miscellaneous Fees/Business Expenses.

- A. Gratuities/Tips. The City shall pay reasonable and customary gratuities and tips during City business travel. Tips for meals are included in the standard per diem rate.
- B. Business Expenses. The City shall pay for goods and/or services deemed necessary for the completion of official business, such as faxes, copier and computer usage, etc.; for Internet usage at actual cost and for all business telephone calls. Cellular phones are often more cost-effective than using hotel phones directly and should be considered as a primary option. Collect calls should be avoided. Fees which include use of local calls, wireless internet access, or other such amenities shall be covered by the City. The City shall also pay for printed materials, tapes or other training materials that may be available for sale at training, conferences, etc., provided that the materials are of benefit to the City and shall remain the City's property.
- C. Baggage Fees. If the airline charges for all checked baggage, the City shall cover the cost for one checked bag only. Excess baggage charges are not reimbursable.
- D. Personal Expenses. Personal expenses shall not be paid by the City. In addition to those items identified as personal expenses throughout this policy, personal expenses include personal telephone calls, in-room movies, spas and gyms, optional recreational events in connection with a conference, laundry or dry cleaning, miscellaneous sundries, or other items of a personal nature. Personal travel shall not be mixed with business travel if it will cost the City or harm the City's interest in any way. The City shall not pay for any expenses of a spouse or other person who accompanies a Councilmember on business travel.

VIII. Payment of Expenses.

Councilmembers may pay for allowable travel expenses by requesting a travel advance in an amount up to the total estimated expenses for the trip minus any pre-paid expenses. Allowable expenses may also be paid out of pocket and reimbursed upon completion of travel.

IX. Settlement of Expenses.

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- A. Within three weeks of a Councilmember's return from a business trip, a final accounting of all expenses associated with the trip shall be made by completing a Travel Expense Report, and an associated Mileage Reporting Form, if applicable, attaching original receipts substantiating all reported expenses with the exception of meals, and submitting the report to the Executive Assistant to Mayor and Council.
- B. If the Councilmember received a travel advance and actual expenses were less than the amount advanced, any unused amount of the travel advance shall be returned to the City via a payroll deduction. Should a Councilmember who has received a travel advance fail to submit a Travel Expense Report within three weeks of return, the Department of Finance may deduct the amount of the travel advance from the Councilmember's next pay check unless the Councilmember can verify timely submission of paperwork or an extension has been requested and approved with valid reason.
- C. If the Councilmember personally paid for allowable business trip expenses, the City shall reimburse the employee through the bi-weekly payroll process. Reimbursement of travel expenses received from an outside source must be forwarded to the Executive Assistant to Mayor and Council upon receipt.
- D. The Mayor's signature is required as approval of Council expense statements. The Vice Mayor approves the Mayor's expense statements.
- E. To the extent that another agency or organization pays for the travel or conference expenses of a Councilmember, the City shall not pay for those same expenses. Councilmembers shall either submit the other agency's payment to the City (in which case the City shall pay for the Councilmember's entire expenses), or refrain from claiming expenses for that portion of his/her expenses paid for by the other agency.
- F. For multiple Council meals paid for by a single Councilmember, the total expense for the meal shall be submitted on the expense report of the paying Councilmember, along with a written breakdown of amounts to be charged to the budgets of other Councilmembers.
- B. When Councilmembers attend a group dinner where the individual cost of each meal is unavailable, the Mayor shall determine a fair and equitable method of distributing the charges among the various Councilmembers in attendance. The City may pay for meals of official guests of the Council. Costs for meals of guests invited by a single Councilmember shall be charged to the individual Councilmember's budget. The cost of meals for guests invited by the Mayor or four or more Councilmembers shall be paid

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by the City out of the Council program budget but need not be charged to any Councilmember's travel budget.

X. Exceptions to the Policy.

This policy does not claim to address all contingencies and conditions. However, any exception requires Mayoral approval via a Travel Authorization Request (TAR) for anticipated/known exceptions or via a Travel Expense Report for unanticipated/unplanned expenses. Requests for exceptions should be accompanied by the traveler's written justification for the expense.

Examples of exceptions to this policy include, but are not limited to, the following:

- Unusual business expenses;
- Per diem and/or lodging expenses which exceed GSA limits;
- The purchase of one or more meals from another source even though they were included in a conference and/or seminar registration fee;
- The use of an alternate mode of transportation under the Americans with Disabilities Act;
- Travel costs in excess of budgeted amounts.

XI. Audits.

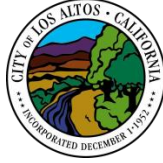
The Department of Finance shall conduct periodic audits to ensure compliance with this policy. Audit results shall be submitted to the Mayor and City Manager.

(Adopted: Council Policy Update, RTC #14-0061 (November 25, 2014); Adopted: RTC #15-0343 (May 12, 2015))

Lead Department: Office of the City Manager

For reference, see also:

- 7.4.1, *Staff/Administrative Support for Councilmembers*
- 7.4.12, *City Council Appointments to Intergovernmental Agencies*
- 7.4.15, *Council Advocacy*
- City Charter, Section 807
- Code of Ethics and Conduct for Elected Officials



CITY OF LOS ALTOS POLICY AND PROCEDURE TRAINING AND TRAVEL EXPENSE POLICY FOR MEMBERS OF LEGISLATIVE BODY

PURPOSE AND SCOPE

The purpose of this policy is to provide guidelines for the authorization and administration of public funds for travel expenses and reimbursements for official City business as they apply to members of legislative bodies. For ease of reading, members of legislative bodies refers to Mayor, Vice Mayor, Council members, and Commission members in the following policy. Additionally, meetings can refer to any meeting, seminar, training, or conference in the following policy.

All travel paid by the City shall be for business and training purposes that is of value to the City and its residents. All expenses incurred while on City business shall constitute actual and necessary expenses that are reasonable and justified use of public funds. When traveling, members shall choose the most cost efficient, direct and economical travel options available. This policy shall be consistent with AB 1234.

City officials shall keep in mind that some expenditures shall be subject to reporting under the Political Reform Act and other laws. All agency expenditures are subject to disclosure under the Public Records Act.

POLICY

The purpose of this policy is to establish business travel guidelines for members that are fair, accountable and transparent. This policy addresses the criteria for City payment of travel expenses and/or advances incurred by the member. Only the authorized members are eligible for reimbursement.

This policy supplements the definition of actual and necessary expenses for purposes of state laws relating to permissible uses of public resources. This policy also supplements the definition of necessary and reasonable expenses for purposes of federal and state income tax laws.

City funds, equipment, supplies, and staff time must only be used for authorized City business and shall not exceed the adopted budget appropriation.

The Council's training and travel budget shall include a separate appropriation for all Council members to attend the League of California Cities Annual Conference.

INTERNAL CONTROLS

In order to safeguard public funds, all of the following internal controls shall be followed by all members that incur expenses while traveling on City business:

- All members are responsible for reading and complying with this policy,;
- All training and travel expenses shall be properly authorized by the legislative body in advance of travel, except in emergency by the City Manager,;
- The duties between the travel authorization and reimbursement payment shall be properly segregated,;
- All training and travel expenses shall be properly supported by adequate documentation,;
- All reimbursement claims shall be filed in accordance with the policy,;
- If an advance check is provided, the member shall make certain the amount corresponds to the total estimated expenses minus any prepayment,;
- It shall also be the responsibility of the member to be aware of and understand the estimate of expenses established by the estimate. The member shall monitor expenses to ensure they are within the estimated amount unless unusual circumstances exist and if so, document such circumstances,;
- Prior to any travel during which reimbursable expenses will be incurred, the member shall estimate the expenses which will be incurred as a direct result of the travel and attendance at the training or conference,; and
- It shall be the responsibility of the member incurring the expenses to provide the proper documentation for each expense, including receipts as required.

GENERAL GUIDELINES

Allowable Expenses

1. Allowable expenses are those that are properly authorized and shall include, but are not limited to, authorized business expenses incurred while engaging and/or participating in the following activities and/or events, which meet the criteria listed below:
 - The meeting is mandatory and/or necessary to accomplish key City goals and objectives. Such activities include, but are not limited to:
 - Participating in and attending meetings of regional, state and national organizations whose activities affect the City's interests,;
 - Attending educational seminars designed to improve skill and information levels that may be benefit to the City,; and
 - Attending business meetings, functions of local civic or community organizations where there is a clear nexus between the event and their official City duty, i.e., not purely social events.
 - If the training location requires an overnight stay, efforts shall be made to ensure no local option is available. Government rates shall be used when available. Attendance at conferences and travel time to and from the conference shall receive prior approval from the legislative body.
 - Registration fees will be fully paid by the City via check or credit card. Any discounts offered for early registration or attendance by additional persons shall be obtained whenever possible.

PROHIBITED EXPENDITURES

1. The following are examples, but are not all inclusive, of personal expenses for which the City shall not reimburse the member, even when incurred in conjunction with other approved reimbursable expenses:
 - Receipts that are not itemized;
 - Any expenses that have not been properly authorized;
 - Double-dipping of expenses (submitting the same expense for reimbursement more than once through the same or various means);
 - Expenses incurred as a result of supplemental personal travel;
 - Political or charitable contributions or events;
 - Family or companion expenses, including those related to child or pet care;
 - Entertainment expenses;
 - Meals for any person other than the member;
 - Non-mileage personal automobile expenses, including repairs, traffic citations, insurance or gasoline;; air flight upgrades
 - Personal losses incurred while on City business;;
 - Inaccurate receipts that are greater than the reimbursable cost of the item;;
 - Alcohol and gambling expenses;;
 - Traffic and toll violations;; and
 - Any expenses incurred by individuals that are not members;
2. Payments for travel and expenses shall be requested as an advance, prepayment or reimbursement of appropriate expenses for lodging, food, transportation and incidental expenses. Reimbursement of expenses shall be made only for members; no reimbursement is allowed for non-members accompanying the attendee.
3. All reimbursement claims or advances for travel and expenses (including registration) shall be accompanied by sufficient supporting documentation including properly approved Request for Travel Authorization Form, original receipts, copies of registration forms, invoices, cancelled checks or notation for any receipts that are lost. An exception to this requirement is listed under section entitled *Meal Costs*.

LODGING, MEALS AND TRANSPORTATION

Airfare

1. Use of air, train, private automobile, or other mode of transportation shall be selected on the basis of the least expensive option for the City. Government and group rates shall be used when available.
2. Transportation costs to and from the authorized destination shall not exceed advance purchase economy class airfare unless such fare is not available. Members shall inquire as to any government discount the airlines may provide. The City shall not pay for upgrades (e.g. seat upgrades or early boarding options) without prior approval from the legislative body.
3. Members shall receive reimbursement for additional expenses (checked bags, travel insurance, etc.) with prior authorization.

Automobile

1. Automobile mileage shall be reimbursed at the rate set by the Internal Revenue Service (IRS) in effect at the time of travel and will be reimbursed for the distance between home and the destination or work and the destination, whichever is less. The Finance Division shall be responsible for determining the applicable rate at the time of travel. This amount does not include bridge and road tolls, which are reimbursable at actual rates. Mileage reimbursement shall be submitted within thirty (30) days of travel.
2. If a personal vehicle is used to and from the airport, the actual mileage shall be reimbursed. If a personal vehicle is left at the airport, the reimbursement shall be the lesser of the following: round trip and parking costs compared with shuttle transportation.
3. The necessity for a rental car must be established and authorized in advance by the legislative body. Only economy car models shall be rented, unless the upgrade is provided at no additional cost to the City. Prepaid gas is not to be selected, but optional insurance is required and shall be reimbursed. The member is required to notify the City's Risk Manager immediately in the event of any incident or accident related to the rental vehicle.

Taxis/Shuttles

1. Whenever possible, hotel courtesy buses or local shuttle services shall be used. Taxi service shall be used only when no other convenient, less costly transportation is available.

Lodging

1. No lodging expenses incurred by members within a 50-mile radius shall be reimbursed unless there are extenuating circumstances with prior legislative body approval.
2. The number of nights in the hotel shall be equal to the number of days at the conference unless prior legislative body approval for an additional night prior or afterward for necessary and legislative body related activities.
3. Lodging expenses shall be prepaid directly to the hotel or reimbursed. Prepayment or reimbursement shall be limited to single occupant room rates. Lodging reimbursement shall not exceed conference hotel cost or host group rate. If conference lodging is not available, prepayment or reimbursement will be made for alternate lodging, but shall not exceed the conference hotel cost or host group rate. No reimbursement shall be made when lodging is at a family/friend's residence.

Meal Costs

1. The City shall reimburse for documented meal expenses including gratuity (not to exceed 15%), according to the daily Maximum Federal Rate. For per diem rates within the US, the member shall use rate listed on <http://www.gsa.gov/>. If the destination city is not listed, then the rate for the county applies. If there is no rate for the city or county, the lowest rate applies.
2. Meal expenses, including gratuity, in excess of the daily Maximum Federal Rate shall not be reimbursed without approval of the legislative body.

3. The per diem rates are to be reimbursed only for full days of travel (travel away from City overnight). If there is a partial day of travel, the City shall reimburse meal based on the Federal Meal Rate.
4. If any meal is included in the registration fee or the hotel fee, the member shall not receive reimbursement for the included meal. For example, if lunch is included in the registration fee, then the full day per diem will be less the per diem allocated for lunch.
5. If a member returns home after 1:00 p.m., the member will receive the per diem for breakfast and lunch. If a member returns home after 6:00 p.m., the member shall receive the full day's per diem.

Miscellaneous Expenses

1. Expenses related to City business shall be reimbursed for actual telephone, fax, parking expenses, tolls, tipping (non-meal related as this falls under the Maximum Federal Rates), taxi, hotel wireless charges, or other reasonable expenses. Miscellaneous expenses shall be itemized and receipts shall be provided. Where receipts are not available, a signed declaration of expenditures shall be accepted by the City Manager or designee at their discretion.
2. Incidental expenses incurred for fees and tips given to porters, baggage carriers and hotel staff shall be reimbursed up to General Service Administration (GSA) limit (currently at \$5 per day). If the member receives a full day's per diem, no additional incidentals shall be provided, as this is already included in the GSA daily rate.
3. Personal expenses (e.g. shoe shine, in-room entertainment, personal phone calls, traffic fines, etc.) shall not be reimbursable.
4. If a personal side trip is planned, the City shall reimburse not more than the advance purchase economy class airfare to and from the original destination. Any additional costs related to personal travel shall not be reimbursed by the City.
5. If a companion accompanies a member, only the business cost incurred by the member shall be reimbursed. All costs incurred in addition to the member's costs shall not be reimbursed by the City.

Business Meeting Expenses

1. Prior to any business meeting, the legislative body shall approve any meal expense based on the Federal Meal Rate or in excess. The itemized receipt shall include the amount of the expense, the date and place of the expense, the business purpose, and who attended the business meeting.
2. Meals shall only be reimbursed for the cost(s) of the eligible item on the meal receipt. Overcharged amounts shall not be reimbursed.
3. Meal reimbursement shall be submitted within 30 business days of the meeting.

PROCEDURE

Member shall comply with the following procedures:

1. Complete the Request for Travel Authorization for City staff and Finance Department with all information regarding meeting, travel dates, travel plan, hotel information, estimated costs, and justification for the event at least sixty days before registration for the meeting closes.
2. The relevant parties shall agendaize the request as early as feasible for legislative body review.
3. Legislative body shall approve or deny the proposed travel expenses.
4. Submit requests for registration and any advances or prepaid items within the standard disbursement time period.
5. Members are responsible for turning in all receipts to the Finance Division within 30 business days of returning from travel. Only expenses approved prior to travel shall be reimbursed by the City.
6. Within 30 business days after the member's return from a trip, a Statement of Travel Expenses (travel and expense report), supported by the Approved Request for Travel Authorization Form, shall be filed with the Finance Division complete with the proper signing authority.
7. All Statement of Travel Expenses shall include copies of documentation of previous prepayments or advances made, including registration, airfare, hotel, training agenda, etc.
8. Following an event for which a reimbursement claim has or will be submitted, the official seeking reimbursement shall briefly report on the event during the next regular meeting of the legislative body and no more than 30 days after the claim has been fulfilled. If multiple officials attended, a joint report shall be made. This report shall be made verbally, or provided as a written report to be included as information in the agenda packet.

Finance Division shall comply with the following procedures:

1. Receives completed Statement of Travel Expenses with the Approved Request for Travel Authorization Form from member.
2. Receives the required backup documentation: Meeting agenda, receipts for airfare, hotel, tax/transit, map to and from if mileage is used, per diem rate of the travel destination from GSA website or meal receipts with details if actual meal expenses is used.
3. Reviews requested prepayments, advances and reimbursements related to travel. Checks the budget for consistency with budgeted funds.
4. Process Statement of Travel Expenses and provides payment for advances, prepayments or reimbursements.

CITY COUNCIL POLICY NUMBER: 2019-03**EFFECTIVE: November 25, 2019****SUBJECT: Use and Expenditures of City Resources by Councilmembers****PURPOSE:**

This policy provides guidance to City Councilmembers on the use and expenditure of City resources, as well as the standards against which those expenditures will be measured. As used herein, the term "City" shall mean the City of Redwood City, the Successor Agency of the Redevelopment Agency of the City of Redwood City, and the Redwood City Public Financing Authority. This administrative policy would satisfy the requirements of Government Code sections 53232.2 and 53232.3 in the event such requirements could be constitutionally applied to charter cities.

POLICY:**A. General**

1. City equipment, supplies (including letterhead), titles, and staff time may only be used for authorized City business.
2. Expenses incurred by Councilmembers in connection with the following types of activities constitute authorized expenses for which annually-established professional development funds may be used, as long as the other requirements of this policy are met:
 - a. Communicating and/or meeting with representatives of regional, state, and national government on City-adopted policy positions;
 - b. Attending educational seminars designed to improve skills and/or gain knowledge relevant to their service as Councilmembers;
 - c. Participating in local, regional, state, and national organizations whose activities affect the City's interest;
 - d. Attending activities which recognize service to the City including but not limited to employee and volunteer appreciation celebrations;
 - e. Attending events hosted by or sponsored by the City;
 - f. Attending meetings that implement a City-approved strategy for attracting or retaining businesses, which typically involve at least one staff member;
 - g. Attending events that benefit non-profit organizations that serve the Redwood City community; and

- h. Attending to such matters where the Councilmember is serving in an official capacity, including but not limited to matters pending before a judicial, quasi-judicial, or administrative tribunal.
3. All reimbursement claims for travel and related expenses shall be submitted to the City Clerk's office on Statement of Expenses Schedule A (attached) within 60 days and shall be accompanied by sufficient supporting documentation, including original receipts, copies of registration forms, and/or invoices.

B. Lodging Accommodations

1. If the lodging is in connection with a meeting, conference, or organized educational activity, lodging costs may not exceed the maximum group rate published by the conference or activity sponsor at the time of booking. If the group rate is not available, Councilmembers shall use comparable lodging.
2. If any guest accompanies the Councilmember and such guest is not required by the City to attend the meeting, conference, or organized educational activity, the City will pay only for the Councilmember's lodging plus applicable taxes at a standard single rate.

C. Subsistence Allowance

1. The subsistence allowance as of the date this policy is adopted shall be based on the formula used to calculate the federal rate and consistent with policies and practices that govern staff expenses of this nature.
2. The allowance for Councilmembers leaving for a seminar after 12 noon but before 7:00 p.m. shall be based on the formula used to calculate federal rates and consistent with policies and practices that govern staff expenses of this nature

D. Exceptions

1. All expenses that do not fall within the adopted travel reimbursement policy or the IRS reimbursable rates shall be approved by the City Council before the expense is incurred.

E. Reporting

1. Councilmembers shall provide brief reports on meetings attended at the expense of the City at the next regular council meeting.



CITY OF REDWOOD CITY SCHEDULE A

STATEMENT OF EXPENSES

Attach all receipts where practical

NAME:						VENDOR NO.:		
DEPARTMENT:						VOUCHER NO.:		
DATE	BRKFST	LUNCH	DINNER	HOTEL	OTHER	OTHER CODE *	DAILY TOTAL	PURPOSE
							-	
							-	
							-	
							-	
							-	
							-	
							-	
							-	
							-	
							-	
							-	
							-	
							-	
* Code for OTHER EXPENSES						Total - Schedule A		
A - Taxi, Bus fare, Car rental						Total - Schedule B		
B - Telephone, Fax						Sub-Total		
C - Parking fees, Bridge Tolls						Less Cash Advance		
D - Plane or train fare						TOTAL REIMBURSEMENT		
E - Registration fees								
F - Miscellaneous								

Account Code:	_____	Amount:	_____
Account Code:	_____	Amount:	_____
Account Code:	_____	Amount:	_____
Account Code:	_____	Amount:	_____
TOTAL REIMBURSEMENT:		_____	

I certify that this claim is a true record of expenses incurred on official business of the City of Redwood City during the above period.

Date:	_____	Signature:	_____
Department Head Approval:	_____		
City Manager Approval:	_____		
Finance Department Audit:	_____		

POLICY AND PROCEDURES 1-02/ASD
Travel Arrangements and Expense Reimbursement
Revised: January 28, 2016

PURPOSE

The purpose of this policy is to provide procedures for the authorization of travel and payment of travel expenses for City employees attending conferences, training, and meetings. The policy will ensure that all travel related expenses are reasonable and necessary for the conduct of City business.

For the purposes of this policy, City employees shall mean all full-time or part-time exempt and non-exempt employees. Temporary or contract employees must receive express authorization in advance from the Assistant City Manager or designee for all travel related expenses.

Any exceptions to this policy must be approved by the Department Head and the Assistant City Manager or designee.

PROCEDURE

A. Extended Travel

1) Authorization for Travel

Prior to the commitment or expenditure of any City funds for extended travel (requiring an overnight stay or airfare), the employee shall obtain approval for the event from a Department Head or Council Appointed Officer (CAO). This authority cannot be delegated. The authorization for out-of-state extended travel must also be approved by the Assistant City Manager or designee.

No individual may authorize his/her own travel. Department Head travel shall be approved by the City Manager or designee and CAO travel shall be approved by the Assistant City Manager or designee.

A Pre-Travel Authorization form shall be used to request approval and to document an estimate of total expenses (i.e., registration fees, lodging, transportation, and meals). A copy of the official event brochure and/or agenda of the event that describes the schedule of sessions, provided transportation and meals, and other amenities of the event must be attached to the form. IRS per diem rates shall be used for calculating estimated meal expenditures.

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The Pre-Travel Authorization form includes boxes that must be checked by the employee and verified by the Department Head, CAO, Assistant City Manager or designee, or City Manager or designee to indicate that:

- ✓ Government rates have been requested for hotel and registration
- ✓ Employee agrees to submit a Travel Expense Report within 30 days after return from the trip
- ✓ Professional Development will be used to reimburse employee for the travel or training (if applicable)

Department Head/CAO/Assistant City Manager/City Manager approval indicates that:

- ✓ Government rates for hotel and registration have been verified
- ✓ The request complies with the City's Travel Policy and Procedures
- ✓ Applicability of using Professional Development funds has been determined

The original approved Pre-Travel Authorization form, along with the official event brochure and/or agenda of the event, should be maintained by the department and submitted with the Travel Expense Report at the appropriate time.

2) Travel Arrangements

Departments are encouraged to make travel arrangements (registration fees, lodging reservations, air transportation, and rental cars) on the Internet, utilizing a procurement card for payment. A copy of the approved Pre-Travel Authorization form should be attached to the monthly procurement card activity log.

3) Reimbursable Travel Expenses

a) Registration Fee

Registration fees for those expenses indicated in the published event materials. Government rates and/or any discounts offered for early registration should be obtained whenever possible.

b) Lodging Expense

Travelers shall select single occupancy, standard, non-deluxe accommodations and should stay at hotels offering economical

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lodging rates. Travelers attending a conference or seminar are encouraged to stay at conference hotels, which offer a negotiated conference rate. When making reservations, travelers should request government rates, if available. Traveling employees should carry their City identification cards.

The City shall not reimburse any cost related to the extension of a hotel stay beyond the time necessary to complete the event. An out-of-state trip involving cross-country travel may require hotel accommodations both before and after the conference or training. Within California or adjoining states an extra night's hotel stay should not be necessary if flight arrangements can be made the same day.

The use of hotels is restricted to cities located beyond 50 miles (one-way) from the City of Palo Alto or the traveler's residence (whichever is shortest). For example, if the destination is Sacramento and you live in Palo Alto (118 miles) or Oakland (81 miles), you would qualify for a hotel. However, if you live in Vacaville (35 miles) or Lodi (36 miles) you would not qualify for a hotel.

c) Transportation

Air Transportation

Travelers shall fly economy coach class on the lowest cost flight available for the most direct route to the final destination, which could reasonably include scheduled layovers. Travelers are encouraged to make air reservations as early as feasible to obtain the greatest discount and to consider the use of alternate but nearby airports to take advantage of the lowest fares. Extension of the trip to cover a weekend stay to obtain a lower airfare does not entitle the traveler to be reimbursed for the extra day's hotel costs or meal expenses. Travelers may use City travel to qualify for frequent flyer credits, but the selection of an airline for a given trip shall not be made for the purpose of accumulating such credits. Travelers that choose to use their personal frequent flyer miles for City business shall not be reimbursed for the value of the tickets. If the airline charges for all checked baggage, the City will cover the cost for one checked bag only. Excess baggage charges are not reimbursable.

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Rental Cars

Rental cars shall only be approved, if other ground transportation, such as shuttles or taxis, is more expensive during the stay at the destination. Only economy or compact car models may be rented, unless the upgrade is provided by the rental agency at no cost. Rental car options such as GPS devices are not reimbursable. Because the City is self-insured, employees should decline any additional insurance offered by the rental company. Employees must also decline any Fuel Purchase Options (which allow for prepayment of a gas tank refill) and shall refuel prior to returning the rental car, if additional charges apply for refueling. Use of a rental car, in lieu of a private auto, to travel to and from an out-of-town event will be reimbursed either at the current IRS mileage rate or the car rental cost apportioned for the number of days used for City business, whichever is less.

Private Automobiles

Employees may use private automobiles for personal or group transportation on extended trips. Reimbursement shall be made at the current IRS mileage rate. The distance to be reimbursed shall be measured from the place of work and from the employee's home, and the calculated mileage reimbursement shall be based upon which of the two distances is shorter. Mileage reimbursement shall not exceed the cost of refundable round trip air transportation (economy class) for a reservation made at least seven days in advance of the trip.

City Pool Cars

City pool cars normally may not be used for transportation on extended trips. Requests for use of City vehicles for this purpose should be directed to the Fleet Manager, Equipment Management Division, Public Works. For use of vehicles assigned to specific divisions and/or individuals, refer to Vehicle Use Policy and Procedures 4-1.

d) Meals

Effective April 27, 2015, the City will provide a per diem ("per day") allowance for meals and incidentals to employees who travel overnight for official City business. Travelers will receive a flat rate for meals and will not be required to submit receipts. If travelers use a P-Card to pay for meals, it negates the per diem.

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The per diem rate varies and is dependent on the destination of travel. The rates for the various travel destinations are available on the U.S. General Services Administration website (<http://www.gsa.gov/portal/content/104877>) (these amounts are subject to change every year). Each city has a dollar value for the full day depending on the relative cost of meals in that jurisdiction. When meals are provided as part of the cost of an event, that meal will be deducted from the full day per diem rate. Travelers will receive 75% of the full day per diem amount for days requiring transportation to and from the location (i.e. departure day and return day) regardless of departure and arrival times. Meals provided on days of travel shall be deducted at full-value.

Travelers are required to look up the per diem rates as part of the pre-approval authorization process.

e) Incidental Expenses

Incidental expenses related to City business shall be reimbursed at cost as supported by submitted receipts. Incidental expenses may include hotel parking charges, Internet connection services, and telephone charges.

The actual costs for parking will be reimbursed when approval to use a personal vehicle or rental car is obtained in advance. Travelers should use the lowest cost alternative for parking within a reasonable area from the destination. Internet connection services purchased to conduct City business are reimbursable. Employees will be reimbursed for telephone calls to City of Palo Alto offices. The hotel bill should indicate any calls that are of a business nature. Reimbursement for calls home is limited to one call per day of reasonable length. Other charges on the hotel bill, such as pay-TV movies, cleaning, laundry, room service charges (additional over cost of meal) or charges for additional guests are not reimbursable.

4) Travel Expense Report

Within thirty business days after the employee's return from the trip, a Travel Expense Report must be filed with the Accounting Division of ASD. Employees are encouraged to complete the Travel Expense Report electronically in Excel. Employees shall print and sign the Travel Expense Report. When signing the Travel Expense Report, the employee certifies that the expenses listed on the Report were incurred in conformance with

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the Travel Policy and that the “amount due the employee” has not been received from any other source. The original Pre-Travel Authorization form must be attached to the Travel Expense Report. The filing of this report is necessary whether or not reimbursement is requested in order to document to the IRS that the travel expenses do not constitute miscellaneous income to the employee. If this report is not filed within the required thirty working days, no future travel requests will be processed for the individual until outstanding travel and expense claims are complete.

The Travel Expense Report must account for all expenses, including expenses paid by the procurement card, and all expenses must be supported by itemized original receipts or copies of electronic receipts. For air transportation, the original airline ticket or flight confirmation printout should be attached. It is not sufficient to provide Internet quotes or pre-stay web confirmations for air travel or lodging. For expenses paid with the P-Card, the original receipts must be attached to the P-Card statement and copies of the receipts should be attached to the Travel Expense Report.

The Travel Expense Report must be approved by the Department Head/CAO or designee. (Each department/office provides a list of designated approvers to ASD on an annual basis). Department Head travel shall be approved by the City Manager or designee and CAO travel shall be approved by the Assistant City Manager or designee. Department Head/CAO approval is required for any expenses that were not authorized on the Pre-Travel Authorization form. For missing documentation, the traveler shall attach a written explanation detailing the expenditure and reason for the missing receipt, and obtain Department Head approval.

If reimbursement is due to the employee, a check will be issued to the employee using the Travel Expense Report (no separate claim voucher is needed). If the reimbursement amount is \$150 or less, the employee may request reimbursement via petty cash.

B. Local One-Day Travel

Employees shall obtain verbal approval for one-day local travel (not requiring airfare and/or an overnight stay) from his/her Department Head, Assistant Department Head, Deputy Director, Division Head or designee prior to the traveler’s departure. Designees must be management staff. A Pre-Travel Authorization form is not required for local travel.

Typical reimbursable expenses for local travel include mileage, public transportation, parking, bridge tolls, meeting or conference registration fees,

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and meal expenses. Only expenditures supported by itemized receipts will be reimbursed.

Travelers may be reimbursed for meal expenses. Itemized receipts for meals must be maintained. The maximum reimbursement amount for meals shall be: \$15.00 for breakfast, \$16.00 for lunch, and \$28.00 for dinner. Under no circumstances will expenses for alcoholic beverages be reimbursed by the City. Meal reimbursements for local conferences, meetings, or training conducted between the hours of 8 a.m. and 5 p.m., will be limited to lunch. When meals are provided as part of the cost of an event, travelers will not be reimbursed for the actual expenses of these meals.

Local travel meal expenses that do not meet the IRS definition of “business related” will be considered taxable income and added to the employee’s W-2. For a meal to be considered non-taxable, it must be “directly related” and “associated with” the active conduct of City business. To meet this definition, business must be conducted during the meal period. Meal expenses associated with training do not meet the IRS definition of a business related meal. Such meals will be considered taxable income and added to the employee’s W-2.

For all meal expense reimbursements, the form should include an explanation of why the meal was necessary for the conduct of City business.

C. Night Meeting Meals

Meals taken by management employees assigned to attend night meetings will be reimbursed for actual dinner expenses up to \$20. Itemized receipts for meals must be maintained. Reimbursement should be requested on a Citywide Petty Cash Reimbursement form. To obtain the form, refer to the City’s Petty Cash Policy. The Petty Cash Reimbursement form must be accompanied by the meeting agenda.

Night meeting meal reimbursements are considered taxable income and will be added to the employee’s W-2.

D. SEIU Overtime Meals

Meals taken by SEIU employees working emergency and non-emergency overtime will be reimbursed in accordance with the contract between the City and SEIU, currently in the amount of \$10 for breakfast, \$15 for lunch, and \$20 for dinner. No receipts are required. Reimbursement should be requested on a Citywide Petty Cash Reimbursement form.

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Revised: January 28, 2016

E. Reimbursement for Personal Vehicle Use on City Business

City pool cars, assigned vehicles or public transportation should be used for trips between City facilities, to local meetings/training, or other events outside the City limits but within the Bay Area whenever possible. If a city vehicle or public transportation is not available or feasible, personal cars may be used and mileage will be reimbursed at the prevailing IRS rate for the distance between the employee's home and the destination or work and the destination, whichever is less. Mileage reimbursement requests shall include the number of miles driven, the employee address, and the purpose of the trip. Reimbursement requests that cover more than one date will be accepted on one form if the trips are for the same purpose or meeting.

Recipients of an automobile expense allowance may not receive personal vehicle mileage reimbursement, except in the case of business travel beyond the Bay Area counties of Santa Clara, Alameda, Contra Costa, Solano, Napa, Marin, San Francisco, San Mateo and Sonoma. In addition, CAO's and Department Heads who receive an automobile expense allowance in lieu of exclusive use of a City automobile may not use City pool cars for business use except on an emergency basis, which is documented by memo to the City Manager.

NOTE: Questions and/or clarification of this policy should be directed to the Administrative Services Department.



Policy & Services Committee Staff Report

From: Chantal Gaines, Deputy City Manager

Meeting Date: February 13, 2024

Report #: 2309-2058

TITLE

City Council Referral to Discuss and Recommend City Council Procedures and Protocols on: Council Discretionary Expenditures – Consideration of the establishment of appropriate parameters for Council discretionary expenditures and whether to allocate \$2,000 annually from the City Council contingency fund for each Council member to decide its purpose.

RECOMMENDATION

Staff recommends that the Policy and Services Committee discuss the referral from the City Council related to City Council Discretionary Expenditures and make a recommendation to the City Council for inclusion in the City Council Procedures and Protocols Handbook.

BACKGROUND

The City Council discussed the City Council Procedures and Protocols Handbook on January 30 and March 20, 2023 and adopted the most recent version on April 24, 2023. The City Council referred a few discussion topics to the Policy and Services Committee during these discussions. The Committee made progress on these referrals and have sent recommendations to the City Council for consideration on all but one of the referrals (City Council discussion planned for February 5, 2024). Referral #7 is the remaining referral and is analyzed within this report. All referrals are listed below:

1. Procedures Section 1.1: Annual Organization of City Council.
2. Procedures Section 5.1a(4): Video Participation for Public Comment.
3. Procedures Section 8.2: Related to Enforcement and Censure.
4. Protocols Section 2.2: Refrain from Lobbying Board and Commission Members.
5. Protocols Section 2.8: The Role of Council Liaison to Boards or Commissions.
6. Protocols Section 4: International Travel.
7. Protocols Section 4.1: Miscellaneous Expenditures. Council referral for the committee to discuss the establishment of appropriate parameters for Council discretionary expenditures and whether to allocate \$2,000 annually from the Council contingency fund for each Council member to decide its purpose.

ANALYSIS

In 2023, the City Council referred to Policy and Services discussion of “the establishment of appropriate parameters for Council discretionary expenditures and whether to allocate \$2,000 annually from the Council contingency fund for each Council member to decide its purpose.”

This referral includes several sub-questions:

1. As a policy matter, does the City Council wish to allocate some amount of City funds to individual Council Members to spend at their discretion, within limits defined by law and City Council policy?
2. If so, what is the appropriate amount?
3. What purpose or purposes does the City Council wish to define for these expenditures?
4. In light of the identified purpose or purposes, what procedures are appropriate.

As a first step in considering these issues, this memorandum outlines the relevant state and federal law requirements that will apply to any program of this type. This memorandum does not explore the pros and cons of adopting a program to delegate spending discretion to individual City Council members. It also does not discuss in detail the various purposes that the City Council could approve for expenditures (beyond identifying purposes that are unlawful under state or federal law), except to list a few potential options for illustration and consideration if the Committee chooses:

- Small grants to community organizations
- Reimbursement for expenses related to official duties
- Funding for community events
- Discretionary dollars to allocate during the budget process

There may be other permissible uses that the Committee wishes to discuss. Note that the purposes that the Committee and City Council choose may lead to additional legal implications and considerations that will need to be analyzed. For example, purchases of good or services are likely subject to procurement and/or operational limitations.

Written Expenditure Policy. The City Council should adopt a comprehensive written policy that identifies permissible purposes for expending City funds, identifies impermissible expenditures and other limitations, and establishes clear procedures and documentation requirements.

At a minimum, the policy should identify key legal limitations, such as the following:

- City funds may not be used for personal activities
- City funds may not be used for partisan political activities, including campaigning for office or supporting or opposing ballot measures or candidates
- City funds may not be used to fund specific religious purposes

- Expenditures must comply with laws prohibiting conflicts of interest
- Expenditures must comply with limitations on “mass mailings”

The City Council policy should be flexible enough to address any other legal issues that may arise, depending on the specific nature and scope of the policy implemented.

The policy also should specify a review process and documentation that will be required. Review and documentation protect the City and each Council member by demonstrating compliance with legal requirements and City Council policy.

Finally, note that City expenditure records are public records and are subject to disclosure on request.

General Legal Restrictions. The following are state and federal law prohibitions on certain types of expenditures of public funds.

Prohibition on Use of City Funds for Personal or Partisan Political Purposes. Public funds are designated exclusively for public purposes. While the definition of a public purpose is broad, there are categories of expenditure that clearly do not qualify. It is unlawful to use public resources for personal or political purposes. Cal. Govt Code § 8314. This includes using public funds for a personal purpose, such as an official’s own personal purposes or the purposes of family or friends. It also includes partisan political purposes, including the official’s own campaign activities or support or opposition to ballot measures or other political campaigns. Staff recommends that the expenditure policy integrate this prohibition and also include clear examples to highlight what constitutes personal or political use.

Note that some well-intended City expenditures that do not directly and immediately benefit local residents—for example, donations to other cities in response to disasters—can generate questions about compliance with the public purpose mandate. These concerns are sometimes described as “gift of public funds.” When these issues arise, California courts generally defer to the wisdom of city councils to determine the appropriateness and public nature of expenditures. For example, courts have accepted council findings that disaster donations support a broad community of mutual aid that benefits local residents in the long run. If the City Council wishes to authorize individual Council members to make extra-jurisdictional expenditures, it should define the scope and public purpose rationale in its written policy.

Restrictions on Use of City Funds for Religious Purposes. The federal and California Constitutions prohibit use of public funds for the purpose religious practice. U.S. Const.

amend 1; Cal. Const. Art. XVI, Sect. 6. Recent Supreme Court rulings, however, have held that religious institutions may (and in some cases must) be allowed access to public funds when these public funds are made available to other private organizations for the same purpose. *Carson v. Makin* (2022) 596 U.S. 767. City Council's policy should identify both the restriction on the use of City funds for religious purposes and the requirement not to discriminate against religious institutions and should encourage consultation with the Attorneys Office whenever these issues arise.

Avoiding Conflicts of Interest. The Political Reform Act, Cal. Govt Code §§ 81000 *et seq.* (the Act), prohibits City officials from directing funds in ways that could result in financial benefits to themselves, their family members, or other entities in which they have financial interests as defined by the Act. Under the Act, financial interests include real property, ownership and investment in business entities, sources of income, gifts, and personal financial holdings. Cal. Code Regs. 18700 *et seq.* City Council's expenditure policy should acknowledge the conflict-of-interest provisions of the Act and incorporate guidelines to ensure adherence to these legal requirements.

Adhering to Mass Mailing Rules. The Political Reform Act also prohibits the use of public funds for "mass mailings." Under the Act, a "mass mailing" is any tangible item, like a newsletter or brochure, in quantities of 200 or more, featuring an elected official and financed with public funds. These mailings may not be sent to residences, places of employment, businesses, or post office boxes. (The restriction does not apply to electronic communications.) If the City Council's expenditure policy permits the use of City funds for distributing such materials to residents, it will be important to include a provision for staff review prior to distribution to ensure adherence to the mass mailing restriction.

Additional Legal Restrictions that May Apply to Certain Types of Expenditures. Additional legal procedures or restrictions might apply, depending on the type of expenditures that the City Council authorizes. Without knowing what the City Council is interested in, we cannot yet provide a complete analysis. We do know however, that the following types of expenditures raise particular issues.

Reimbursement for Expenses Related to Official Duties. State law authorizes expenditure of local funds to reimburse city council members for "actual and necessary expenses incurred in the performance of official duties." Cal. Govt. Code § 53232.2. State law requires a written policy specifying the types of occurrences that qualify for reimbursement, and establishes other procedural requirements for reimbursement rates, documentation (receipts), and reports on uses of the funds. Govt. Code § 53232.3. Amounts paid consistent with these procedures are excluded from salary that would otherwise be subject to the maximums under state law and the Palo Alto Charter. Govt.

Code § 36516(e). If the City Council decides to authorize funds to be used for reimbursement, it will be important to comply with all of the requirements of Sections 53232.2 and 53232.3, so that these funds are not counted towards salary. This is because the City Council has directed that salary be increased to the state-law limit, leaving no room for additional funds should they be classified as salary.

Grants to Community Organizations or Funding for Community Events. When the City makes grants to community organizations or funds community events, staff vets recipients and uses agreement templates—appropriate to the type and size of the grant or event—to document expectations and protect the City and taxpayers in the event of unexpected negative occurrences. In the case of very small neighborhood grants, the agreements are short and relatively simple, and focused on the most important issues (e.g., non-discrimination and appropriate insurance). If the City Council is interested in authorizing individual the City Council members to make grants or fund events, consideration should be given to who will have contract authority, whether vetting and documentation will be required, and what that will look like; conversely, if none is required, the City Council should understand that there may be risks assumed by the City as a result.

FISCAL/RESOURCE IMPACT

The City Council contingency fund total allocation is determined each year through the budget process and this program proposes to dedicate some of those funds, thus this is not new funding. However, depending on the program parameters discussed, the staff time resources to administer the program would need to be further assessed.