

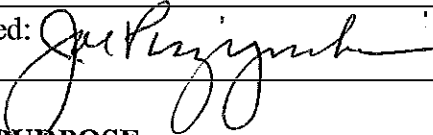
ADMINISTRATIVE MANUAL
TOWN OF LOS GATOS

Subject: Town Council and Board
Member Expense
Reimbursement Policy

Page:

Section Number:

Approved:



Effective Date: 1-6-11

Revised Date:

A. PURPOSE

1. Los Gatos takes its stewardship over the use of its limited public resources seriously and is committed to the ethic that public resources should only be used when there is an identifiable benefit to the Town and the community.
2. This policy documents the parameters pursuant to which the Town will reimburse specified Town officials for actual and necessary expenses incurred in the performance of official Town duties.
3. This policy recognizes that legislative and other regional, state, and federal agency business is frequently conducted over meals and that sharing a meal with regional, state and federal officials is frequently the best opportunity for a more extensive, focused, and uninterrupted communication about the community's policy concerns.
4. This policy satisfies the requirements of Government Code sections 53232.2 and 53233.3 and supplements the definition of actual and necessary expenses for purposes of state laws relating to permissible uses of public resources.
5. This policy also applies to any charges made to a Town credit card, cash advances or other line of credit and supplements the definition of necessary and reasonable expenses for purposes of federal and state income tax laws.

B. SCOPE

This policy applies to the Mayor and members of the Town Council and members of the Town's boards and commissions. It covers the expenditure of Town funds and reimbursement of expenses for authorized Town business. 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:

1. Communicating with representatives of regional, state and national government on Town adopted policy positions;
2. Attending educational seminars designed to improve officials' skill and information levels;

3. 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 (e.g., League of California Cities; National League of Cities; U.S. Conference of Mayors); service clubs/non-profits (e.g., Kiwanis, Rotary, Friends of the Library, Los Gatos Community Foundation); Business-related (e.g., Los Gatos Chamber of Commerce; Joint Venture Silicon Valley); and other events of other organizations which provide service to Town residents, the region or otherwise further the stated goals of the Town Council;
4. Attending Town, county, regional and interagency events;
5. Implementing a Town-approved strategy for attracting or retaining businesses to the Town through activities that will typically involve at least one staff member.

C. APPLICATION

This policy applies to the members of the Town Council and members of all the Town's boards and commissions.

D. AUTHORIZED EXPENSES

1. Transportation

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

(a) Airfare. Airfares that are equal or less than those available through the Enhanced Local Government Airfare Program offered through the League of California Cities, the California State Association of Counties and the State of California are presumed to be the most economical and reasonable for purposes of reimbursement under this policy. The charge for the first piece of personal baggage may be reimbursed under this policy.

(b) Automobile. Town Council receives a nominal auto allowance of \$50 per month, which generally covers local mileage costs. Council members may receive reimbursement for authorized travel in a personal vehicle beyond a one-way fifty (50) mile radius of Los Gatos, or beginning destination, whichever is closer to the ending destination. Reimbursement is for miles in excess of the fifty-mile radius, and therefore does not include the first fifty miles each way. Automobile mileage is reimbursed at Internal Revenue Service rates presently in effect (*see* www.irs.gov). For 2010, the rate is 49.5 cents per mile. These rates are designed to compensate the driver for gasoline, insurance, maintenance, and other expenses associated with operating the vehicle. This amount does not include bridge and road tolls, which are also reimbursable. Reimbursement for mileage will be limited to the lesser of the value of mileage costs or the least expensive cost of air transportation available at least 30 days prior to travel.

(c) Car Rental. Rental rates that are equal or less than those available through the

State of California's website (<http://www.catravelmart.com/default.htm>) shall be considered the most economical and reasonable for purposes of reimbursement under this policy.

(d) Taxis/Shuttles. Taxis or shuttles fares may be reimbursed, including a 15 percent gratuity per fare, when the cost of such fares is equal or less than the cost of car rentals, gasoline and parking combined, or when such transportation is necessary for time efficiency. Receipts are required.

2. Lodging

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

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

(b) Other Lodging. Travelers must request government rates, when available. A listing of hotels offering government rates in different areas is available at <http://www.catravelmart.com/lodguideframes.htm>. Lodging rates that are equal or less to government rates are presumed to be reasonable and hence reimbursable for purposes of this policy.

3. Meals

The Town will pay the actual amount of meals and tips or per diem allowance according to IRS Publication 1542 per meal for out of town meetings, workshops, and conferences. Food/beverage purchases that are not part of a breakfast, lunch, or dinner meal (i.e. snacks, coffee) are not authorized for reimbursement and will be at the cost of the official.

Travelers are expected to consume any meals provided at the conference or meetings. The per diem allowance will typically be reduced accordingly for any meals provided and included in the registration fees.

The Town will not pay for alcohol/personal bar expenses. For group meal events organized by others such as conferences and other types of activities that fall within the list of "authorized expenditures" above, the Town recognizes that the per-person cost may exceed these maximums. In this event, these costs would be reimbursed.

4. Airport Parking

If the official takes a personal car to the airport, long-term parking must be used for travel exceeding 24 hours.

5. Other

- Baggage handling fees of up to \$1 per bag and gratuities of up to 15 percent will be reimbursed.
- The expense of daily Internet access will be reimbursed.
- Any questions regarding the propriety of a particular expense should be resolved by the approving authority before the expense is incurred.

6. Credit Card Use Policy

Town does not issue credit cards to individual office holders but does have an agency credit card for selected Town expenses. Town office holders may use the Town's credit card for such purposes as airline tickets and hotel reservations. Receipts documenting expenses incurred on the Town credit card and compliance with this policy must be submitted within five business days of use, unless otherwise included in the expense report discussed below. Town credit cards may not be used for personal expenses, even if the official subsequently reimburses the Town.

7. Expense Report Content and Submission Deadline

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

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

Expense reports must document that the expense in question met the requirements of this policy. Officials must submit their expense reports within thirty (30) days of an expense being incurred, accompanied by receipts documenting each expense. Restaurant receipts, in addition to any credit card receipts, are also part of the necessary documentation. Inability to provide such documentation in a timely fashion may result in the expense being borne by the official.

E. LIMITATIONS ON REIMBURSEMENTS

1. All other expenditures not expressly authorized by this policy require prior approval by the Town Council. All reimbursements shall be consistent with those allowed under state and federal law which shall prevail over interpretation of this policy, express or implied.
2. The following expenses also require prior governing body approval:
 - (i) International travel;

- (ii) Expenses which exceed the annual limits which may be established from time to time for individual categories of reimbursement through the Town's annual budget process.
3. Reimbursement is expressly conditioned upon sufficient funds being budgeted as part of the annual Town budget.
 4. Excluded from Reimbursement. Examples of personal expenses that the Town will not reimburse include, but are not limited to:
 - (i) The personal portion of any trip;
 - (ii) The charitable contribution portion of the price of admission to an event;
 - (iii) Political events and/or fundraisers;
 - (iv) Events benefitting religious organizations;
 - (v) Family expenses, including partner's expenses when accompanying official on agency-related business, as well as children or pet-related expenses;
 - (vi) Entertainment expenses, including theater, movies (either in-room or at the theater), sporting events (including gym, massage and/or golf related expenses), or other cultural events;
 - (vii) Non-mileage personal automobile expenses, including repairs, traffic citations, insurance or gasoline; and
 - (viii) Personal losses incurred while on Town business.
 - (ix) Monthly service club luncheons or meetings.
 - (x) Expenses for which Town officials receive reimbursement from another agency are not reimbursable.
 5. The Town may promulgate administrative directives providing further interpretations or guidelines consistent with this policy.

F. AUDITS OF EXPENSE REPORTS

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

G. REPORTS TO GOVERNING BOARDS

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


H. COMPLIANCE WITH LAWS

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

I. VIOLATIONS OF THIS POLICY

Under state law, use of public resources or falsifying expense reports in violation of this policy may result in any or all of the following: 1) loss of reimbursement privileges, 2) a demand for restitution to the Town, 3) the agency'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.

APPROVED AS TO FORM:



Judith Propp, Town Attorney