

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.

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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: _____
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