

CITY OF HUGHSON

POLICY FOR REIMBURSEMENT OF TRAVEL AND BUSINESS EXPENSES

1. PURPOSE.

- 1.1. The purpose of this Policy for Reimbursement of Travel and Business Expenses ("Policy") is to define and clarify authorized reimbursable travel and business expenses incurred by City employees and city officials in connection with their official City responsibilities, both within and outside of the City of Hughson, and within and outside of the County of Stanislaus, and to establish procedures for the authorization and reimbursement of such expenses.
- 1.2. In order to protect public resources and foster public trust in the use of those resources, as well as comply with state law requirements regarding reimbursement of expenses, the City hereby sets forth this Policy. This Policy complies with the requirements of the California Government Code, including sections 53232, and following, enacted in 2005 by AB 1234.
- 1.3. In addition, this Policy complies with the applicable income and tax regulations. Travel and business expense reimbursements or advances paid under an accountable plan are tax-free. By contrast, a reimbursement or advance paid under a non-accountable plan is considered taxable wages; therefore taxes must be withheld and paid, and these payments reported as income on an employee's W-2. This Policy meets the requirements of an accountable plan (business connection, substantiation, and return of unsubstantiated amounts). All travel and expenses reimbursed must have documentation supporting the place and business purpose consistent with the requirements of this Policy.

2. GENERAL RULES

- 2.1. Applicability. Unless otherwise specified, this Policy is applicable to all City employees and all City officials. City officials include elected officials and appointed members of boards and commissions of the City.
- 2.2. Definition of Travel. For the purpose of this Policy, the word "travel" is used to denote activities of individuals required in connection with authorized attendance at conferences and meetings, either formal or informal, including necessary transportation. Travel is further designated as local or non-local as defined below.
 - 2.2.1. Local Travel. Official travel performed within a distance of 100 miles from the City of Hughson and accomplished within one day.
 - 2.2.2. Non-Local Travel. Official travel involving at least one over-night absence from the City of Hughson or to a location more than 100 miles distance from the City of Hughson.

2.3. Related to City Business. City officials and employees shall be expected to exercise good judgment and show proper regard for economy when incurring expenses in connection with the conduct of official City business. Any expense for which an employee or official requests reimbursement should directly and clearly relate to the conduct of City business, and in the event of an audit subsequent to the reimbursement, should leave no question that such expenditure in fact did relate and was necessary to the conduct of City business.

2.4. Expenses Eligible for Reimbursement.

2.4.1. City funds, equipment, supplies (including letterhead), titles, and employee time must only be used for official, authorized City business.

2.4.2. For City officials and employees, expenses incurred in connection with the following types of activities generally constitute authorized expenses which are eligible for reimbursement provided that they are otherwise consistent with this Policy:

2.4.2.1 Communicating with representatives of local, regional, state and national government on City adopted policy positions;

2.4.2.2 Attending educational seminars designed to improve officials' and employees' skill and information levels;

2.4.2.3 Participating in local, regional, state and national organizations whose activities affect the City's interests;

2.4.2.4 Recognizing service to the City (for example, thanking a longtime employee with a retirement gift or celebration of nominal value and cost);

2.4.2.5 Attending City events; and

2.4.2.6 Attending meetings regarding City-related business, including meeting with City staff.

2.4.3. For City officials both elected and appointed all other expenditures not specified in section 2.4.2 above, require prior approval by the Hughson City Council during a public meeting and must be otherwise consistent with State law.

2.5. Expenses Not Eligible for Reimbursement.

2.5.1. For both City employees and officials, expenses incurred which are not associated with official city business are not eligible for reimbursement. This includes, but is not limited to, the following types of expenses:

2.5.1.1 The personal portion of any trip;

2.5.1.2 Political or charitable contributions or events;

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

2.5.1.4 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;

2.5.1.5 Alcohol/personal bar expenses;

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

2.5.1.7 Personal losses incurred while on City business.

2.5.2. Any questions regarding the propriety of a particular type of expense should be resolved before the expense is incurred, by the City Manager regarding employees, or if known in advance by the City Council regarding officials.

2.6 Expenditures Not Specified by Policy. This Policy provides information and guidance in determining expenses which are appropriate to the conduct of City business. However, for City employees, the City Manager may, at their discretion, approve or disapprove any of the types of travel and business expenses identified in this Policy, or any other expenses not listed, as the City Manager deems appropriate to specific circumstances. For City officials, both elected and appointed, any expenditure for reimbursement for expenses occurred which fall outside of this Policy must receive the prior approval, if known in advance, or approval after the fact, if the expense is not known in advance. The approval must be given by the Hughson City Council during a public meeting

3. TRANSPORTATION EXPENSES.

3.1. General Rules for Transportation Expenses.

3.1.1. The transportation modes specified in this Policy may be employed for the purpose of traveling on City business.

3.1.2. Travel time shall not exceed one (1) day in each direction while in route to and from business, conferences or meetings, unless justified and approved by a Department Head or City Manager.

3.1.3. All travel will be by the mode least costly to the City. In arriving at the lowest cost mode, factors such as time, distance traveled and cost of transportation must be considered.

3.1.4. When two (2) or more persons are traveling by automobile, whether personal or City vehicle, every reasonable effort is to be made to ride together.

3.2. Air and Rail.

3.2.1. Allowance for air and rail travel will be actual round-trip fare and will be made by coach or tourist class or by the method least costly to the City. Exceptions will be reviewed on a case-by-case basis and approved by the City Manager, i.e. special accommodations. For City officials both elected and appointed see section 2.5.2.

3.2.2. Special efforts shall be made to take advantage of discounts and special fares when such fares and discounts produce "real savings" to the City.

3.2.3. If other travel arrangements are made, or are made in conjunction with approved personal leave, reimbursement shall be computed at the coach rate, using the shortest and most direct route to and from the location of the City business.

3.3. Private Automobile.

3.3.1. With prior written approval from the Department Head, a personal vehicle may be used for transportation in lieu of air travel or a City vehicle.

3.3.2. If a personal automobile is used, the reimbursement of mileage will not exceed the cost of coach air travel from a local airport to the destination and transportation to and from the airport.

3.3.3. The mileage allowance for use of a personal automobile will be based on the mileage allowance rate published and approved by the Internal Revenue Services. Current rates can be found on their website at www.irs.gov. Allowable mileage is from work site to destination. If leaving from a different site that results in less miles driven, reimbursement will be for the fewest miles driven. A google or map quest print out should support the mileage reimbursement.

3.4. City Vehicle.

3.4.1. Use of departmentally assigned or pool City vehicles may be authorized for travel to and from designated places on City business outside the local area when this method of transportation can be demonstrated as the most economical means available.

3.4.2. There shall be no allowance or reimbursement for transportation when a City owned vehicle is used.

3.4.3. In the event fuel needs to be purchased for official City business, the fuel costs will be reimbursed. The City maintains the practice of fueling city vehicles at the Corporation Yard, but recognizes that fueling needs may arise that require reimbursement. Should the City enter into a Fuel Procurement Card Program ("Gas Card"), information will be provided and associated cards will be available for City officials and employee use, for city related travel.

3.4.4. Any out-of-pocket expenses incurred to operate a City vehicle shall be reimbursed only if receipts are provided.

3.5. Garage and Parking Expenses.

3.5.1. Charges for parking and storage for private or City vehicles may be reimbursed.

3.5.2. Receipts for such expenses should be retained and submitted with requests for reimbursement.

3.6. Vehicle Rentals, Public Transportation and Tolls.

3.6.1. Expenses for transportation of rental vehicles, taxis, buses, shuttles, Uber, Lyft, and other forms of public transportation may be reimbursed where such conveyances are reasonable and necessary in the conduct of City business.

3.6.2. Receipts for such expenses, including tolls, should be retained and submitted with requests for reimbursements.

3.6.3. Corporate rates should be requested for vehicle rentals.

3.7. Use of Privately Owned/Chartered Aircraft.

3.7.1. Use of privately owned aircraft directly or indirectly related to official City business is strictly prohibited. Reimbursement for private aircraft use will not be provided.

3.7.2. At the City Manager's discretion, a waiver of the private plane restriction may be made if circumstances exist that clearly preclude the use of other carriers. Such a waiver requires written authorization from the City Manager after compliance with City insurance and pilot qualification standards. More specifically, the guidelines outlined below will apply to the City Manager's consideration of an employee's request to use a privately owned aircraft.

3.7.2.1 Any request must be submitted at least two weeks prior to the flight occurrence to include destination, names of employees and any other occupants, type of aircraft, landing points, and any other information that may be deemed as necessary.

3.7.2.2 The aircraft must either be owned by the employee or rented from a commercial aircraft firm.

3.7.2.3 The City must be named as co-insured on an insurance policy that has a minimum of \$1 million coverage with no more than \$1,000 deductible. Proof of insurance with the City named as co-insured must be submitted and approved.

3.7.2.4 The pilot must be rated for Instrument Flight Rules and show proof of such qualification. Instrument Flight Rules will also be the method of flight rather than Visual Flight Rules and all details of how such Instrument Flight Rules procedures will be accomplished must be submitted prior to the flight.

3.7.3. Notwithstanding the requirements listed above, the City Manager, at their sole discretion, can deny any request for the use of a privately owned or chartered aircraft.

4. ACCOMMODATIONS.

- 4.1. Whenever possible, single rooms at corporate/government/group rates are to be secured. These rates must be specifically requested.
- 4.2. If the employee wishes to reserve a double room or some other accommodation, then single room, corporate/government/group rates, if available, are to be charged to the City.
- 4.3. Special efforts shall be made to obtain accommodations at or near the facility where official City business is to take place.
- 4.4. The principle of least cost shall be followed provided the accommodations are adequate. Travel time and transportation costs shall be considered in accommodation arrangements.
- 4.5. For officials and employees, if lodging is in connection with a conference or organized educational activity, lodging costs shall not exceed the maximum group rate published by the conference or activity sponsor, provided that lodging at the group rate is available to the official at the time of booking. If the group rate is not available, the official or employee shall use comparable lodging and may be reimbursed for the actual lodging costs.

5. MEALS

5.1. Non-Local Travel.

5.1.1. Any official or employee who is authorized to travel in the discharge of official duties may receive, in addition to transportation and hotel accommodation expenses, a meal allowance for each day or part thereof. The maximum allowance shall not exceed the per-diem amount specifically established by this Policy as set forth in section 5.4 of this Policy entitled "Meal Allowance Policy."

5.1.2. Meal allowance shall be allowed or reimbursed for days actually spent on City business, for programmed days of a conference or meeting, and for time spent in travel, per the established per diem meal allowances defined in 5.4 of this Policy. When meals are included in the cost of conference/seminar registration, reimbursement cannot be claimed separately from registration costs. An exception may be where a "continental breakfast" is included with registration. In the case of a continental breakfast, a separate breakfast meal may be reimbursed.

5.1.3. Receipts are not required for non-local per diem travel. Employees and City Officials may elect to return the amount of the per-diem if the total amount was not expended.

5.2. Local Travel.

5.2.1. Occasionally, City employees are required to attend local meetings on City business during which a meal is served or necessary. Allowable expenses for such meetings include the cost of the meal and tip.

5.2.2. Employees who, during the normal course of performing their duties, must provide for meals for representatives of governmental agencies or other persons doing business with or for the City in order to most effectively execute their responsibilities, may be authorized reimbursement for expenses associated with such meals. Business meals cannot be claimed when attending a conference, seminar or when an employee has paid "registration fees" in which case, per diem will be claimed, if applicable. When requesting such reimbursement, documentation shall be submitted in accordance with City procedures which will include: copy of receipt, description or purpose of meal, listing of all persons, organizations and title.

5.2.3 Allowable expenses for local travel and one-day trainings will typically not be advanced. Original receipts and supporting documentation will be presented for reimbursement through the Accounts Payable process within the Finance Department.

5.3. Other Meals. Expenses for other meals not defined in this provision, such as City awards luncheons and dinners, retirement luncheons and dinners and meals associated with service club meetings shall not be authorized for reimbursement unless specifically approved by the City Manager for City employees and by the City Council for City officials.

5.4. Meal Allowance Policy.

5.4.1. For all non-local travel, City officials and employees may request a meal allowance of \$45.00 per day **or** reimbursement of actual meal expenses incurred.

5.4.2. Reimbursement for actual expenses in excess of the established per diem shall be made only if receipts are provided and the amount to be reimbursed is due to an extenuating and documented situation. Such reimbursement requires City Manager approval.

5.4.3. Per diem or reimbursement for meals will not be allowed when a meal is provided within the registration fee. One exception is when a "continental breakfast" is provided.

5.4.4. In the event that the individual is not on City business for the entire day, the meal allowance will be prorated according to the following formula:

5.4.4.1 Breakfast: \$15.00 - to be paid if travel begins prior to 7:00 a.m. or returns after 9:00 a.m.

5.4.4.2 Lunch: \$20.00 - to be paid if travel begins prior to 11:00 a.m. or returns after 1:00 p.m.

5.4.4.3 Dinner. \$25.00 - to be paid if travel begins prior to 5:00 p.m. or returns after 7:00 p.m.

5.4.5. It will be the Department Head's responsibility to monitor the time of departure and arrival to ensure proper payment of meal allowance.

5.4.6. City officials and employees must provide original receipts for all meals that are subject to reimbursement, such as one-day trainings and local travels. The reimbursement amount is up to the amounts referenced in the Meal Allowance Policy, section 5.4.4. The receipt shall accompany a demand request, with necessary approvals, and be presented to Accounts Payable-Finance Department.

5.5. Tips and Gratuities. Reasonable expenses for tips (no more than 18%) and gratuities, in addition to the meal allowances, are allowable for meals, hotel and transportation purposes.

6. **REGISTRATION FEES.**

6.1. Fees charged for registration at any convention or meeting may be reimbursed. A receipt or some other proof of the fee amount, such as a copy of the conference program setting forth the fee rate, shall be provided with any such reimbursement request.

7. **TELEPHONE AND INTERNET.**

7.1. Telephone and internet expenses may be incurred only for the conduct of City business by employees traveling in conjunction with their official capacities.

8. **ADVANCE FUNDS.**

8.1. City employees and City officials shall be eligible for a travel advance for non-local travel, based on the per diem amounts and calculated based on the travel request and estimated expense report, after its approval by the Finance Director. A copy of the complete travel request must be submitted to the Finance Director at the time the travel advance is requested. A travel advance check to the employee will be made in accordance with the Accounts Payable schedule in an amount equal to 100% of the trip costs borne by the employee. Additionally, if possible, the City shall pay in advance registration, transportation costs, and lodging, including one (1) night for travel time. Travel advances will only be given for non-local travel. Travel advances are not required in order to claim per-diem for non-local travel; however, conference agendas must designate which meals are provided so that the allotment for the meal can be deducted from the per-diem. Exceptions to this requirement require the approval of the City Manager. For City officials both elected and appointed see section 2.5.2.

8.2. No later than thirty (30) days after returning to the job, the employee will complete the Travel Expense Report form to show actual or authorized expenses (with receipts) and submit it to the Finance Department for auditing, reconciliation and settlement. All advances including travel, registration, lodging, meal allowance, and transportation, will be deducted from the total expense. If the advance exceeds the actual expenses, a remittance must accompany the completed claim for payment. If the trip is canceled, all advances must be returned immediately. If the claim for payment is not submitted within the required thirty days, the trip authorization may be closed out and the employee may not be reimbursed for out-of-pocket expenses incurred.

8.3. The Finance Department shall audit the items submitted for arithmetic accuracy and the allowability of the expenditures, and when appropriate, prepare a check for payment to the employee.

- 8.4. In those cases where two or more employees travel together in another employee's private vehicle, mileage reimbursement, where appropriate, shall be paid to one employee only. It is the employee's responsibility to submit all receipts.
- 8.5. Costs which are reimbursed to the employee, without proper documentation (receipt) must be considered taxable income and must be reported on year-end W-2s pursuant to IRS regulations of an "accountable plan" and expenses incurred over the authorized "per diem" amounts shall be the responsibility of the employee.

9. **ATTENDANCE APPROVAL REQUIRED.**

- 9.1. Employees. For employees, all out-of-state travel and Department Head attendance at conferences or overnight travel, must be approved by the City Manager. Other travel is subject to Department Head approval. At no time shall a department be left without a qualified person on duty, including weekends and holidays, without City Manager approval. Expenses incurred by employees prior to or without proper authorization may be the responsibility of that employee.
- 9.2. City Manager. City Manager travel authorization is specified in the City Council approved Contract.
- 9.3. Officials. For officials, all anticipated conferences, conventions, and professional meetings shall be budgeted for in the budget, or specifically approved by the City Council. As the trip is paid for with public funds, it shall be the responsibility of the official undertaking the trip to make every effort to attend the entire conference and as many sessions as possible.

10. **SPOUSES.**

- 10.1. Although fiscal and legal requirements do not allow the use of City funds for spouses to accompany City officials and employees, the attendance of spouses serves and promotes desirable City purposes and goals. It is the policy of the City to encourage their participation at the City official's or employee's own expense. Spouses are often expressly invited to attend conferences, and business meetings. Their presence at gatherings of mixed social and business purposes serves not only the beneficial purpose of presenting the best picture of City "families" to others, but spouses contribute valuable information, viewpoints and opinions in discussions about City and governmental business. The spouse's contribution is both substantive and ceremonial.

11. **RECEIPT REQUIREMENT FOR OFFICIALS AND EMPLOYEES.**

- 11.1. All cash advance expenditures, credit card expenses and expense reimbursement requests made by an official must be submitted on an expense form provided by the City.
- 11.2. Expense reports must document that the expense in question met the requirements of this Policy.
- 11.3. Officials and employees must submit their expense reports within thirty (30) calendar days of an expense being incurred, unless otherwise unreasonable and such expense reports must be

accompanied by receipts documenting each expense. Inability to provide such documentation in a timely fashion may result in the expense being borne by the official or employee and ineligible for reimbursement from the City.