

AGENDA ITEM 1-D

REQUEST

**ADOPT A POLICY RELATED TO REIMBURSEMENT OF TRAVEL AND EXPENSES FOR ELECTED AND APPOINTED OFFICIALS**

DISCUSSION

Government Code section 36514.5 allows council members to be reimbursed for actual and necessary expenses incurred in the performance of their official duties. On February 19, 1985, the City Council approved a "Travel Expense for Use of Private Automobile". New laws, effective January 1, 2006, AB 1234 (Salinas) address three areas of compensation for elected officials: a) salaries/stipends/per diem, b) reimbursement for expenses, and c) ethics training. As the City Council salary is set by Government Code section 36516 (\$600 per month for general law cities with population between 75,000 and 150,000) and Tracy does not provide stipends/per diem, there is no effect on Tracy. As for reimbursements for expenses, AB 1234 (Government Code section 53232.2) requires all local agencies, which provide reimbursements to members of its legislative body, adopt a written policy identifying what expenses qualify for reimbursement and requiring the filing of expense reports. The proposed Policy would satisfy the requirement. Finally, the law also requires ethics training (two hours every two years). The training must take place prior to January 1, 2007, except for officials who will be leaving office before the end of 2006. It is anticipated that the League of California Cities will offer this training as well as "train-the-trainer" education. Staff will ensure that this training is available so that prior to January 1, 2007, all required training will have occurred.

While many cities and special districts have provided monthly car allowances or other types of compensation to elected officials, Tracy council members have not received funds other than their Government Code-established salaries. On occasion Council members have attended training conferences, or similar city business related events, and have been reimbursed for actual expenses. The City of Tracy has participated in the San Joaquin Council of Government "One Voice" trip to Washington D.C. Attendance at conferences and the "One Voice" trip are part of the adopted budget each year. The City continues to believe that it is important that elected and appointed officials (Planning Commission, Parks and Recreation Commission members, and other volunteer members of boards, commissions, and committees) remain informed and trained in issues affecting the affairs of the City and that attendance at institutes, hearings, meetings, conferences, or other gatherings is of value to the City and its citizens. The benefits include:

- a. The opportunity to discuss the community's concerns with state and federal officials;
- b. Participation in regional, state and national organizations whose activities affect the City;
- c. Attending educational seminars improve officials' skill and information levels; and
- d. Promoting public service and morale by recognizing such service.

There are several ways to address the required policy: a) a policy which relies solely on the California Government Code statutes (attached) and IRS publication 463 (55 pages), b) the comprehensive League model policy (15 pages with 58 footnotes), or c) a basic yet inclusive policy derived from the League model policy (6 pages). Staff recommends a basic policy (attached) derived from the League model with Tracy in mind. While AB 1234 specifically applies to elected officials, because the City Council encourages non-salaried appointed officials, such as planning commissioners, parks and community services commissioners, and other volunteers to participate in training and conferences, it is recommended that the proposed Policy apply to those officials as well. Travel and expense reimbursement for employees are covered in the Personnel Rules.

In summary, the provisions of the proposed Policy are as follows:

- Expenses in connection with the following types of activities generally constitute authorized expenses:
  - Communicating with representatives of regional, state and national government on City adopted policy positions;
  - Attending educational seminars designed to improve officials' skill and information levels;
  - Participating in regional, state and national organizations whose activities affect the city's interests;
  - Recognizing service to the City (for example, thanking a longtime employee with a retirement gift or celebration of nominal value and cost);
  - Attending City events;
  - Implementing a City-approved strategy for attracting or retaining businesses to the City, which will typically involve at least one staff member
- Expenses not eligible for reimbursement include the personal portion of any trip, political or charitable contributions or events, family expenses, entertainment expenses, alcohol/personal bar expenses, and non-mileage personal automobile expenses, including repairs, traffic citations, insurance or gasoline; and personal losses
- Transportation-related expenses can be reimbursed for attending conferences or meetings that are of such distance that it is more economical to take commercial transportation; government and group rates must be used when available
- Lodging expenses will be reimbursed or paid for when travel on official city business reasonably requires an overnight stay
- Actual meal expenses may be reimbursed subject to the IRS per diem rate; the cost to attend a program that also includes a meal is considered a registration expense not subject to the maximum per diem or individual meal per diem rate
- Reimbursement for miscellaneous expenses, such as telephone, fax, airport parking, etc. as well as criteria regarding cash advances, are addressed
- Requirements for expense report content and deadlines for submitting the reports and a requirement that each official briefly report on meetings attended at City expense

- Expenditures may also be subject to reporting under the Political Reform Act and other laws, the reports are public records, and misuse of public resources or falsifying expense reports are subject to penalties

The City of Tracy does not issue credit cards to individual office holders but does have an agency credit card for selected City expenses. City office holders may use the city's credit card for such purposes as airline tickets and hotel reservations by following the same procedures for cash advances.

The proposed Policy supersedes prior Council actions regarding expenses. The proposed Policy is intended to provide guidance to elected and appointed officials on the use and expenditure of City resources, as well as the standards against which those expenditures will be measured. The proposed policy would satisfy the requirements of Government Code sections 53232.2 and 53233.3.

#### FISCAL IMPACT

All anticipated conferences, conventions and professional meetings are generally budgeted in the current operating budget thus there is no fiscal impact as a result of the adoption of the proposed Policy.

#### RECOMMENDATION

That the City Council, by resolution, adopt the attached policy for travel and expenses reimbursement for elected and appointed officials.

Prepared By Debra E. Corbett, City Attorney

Attachments: Excerpt from AB 1234 (Salinas) - Government Code sections 53232.2-4  
Resolution and Proposed Policy (Exhibit "A" to Resolution)