

- **Board of Directors**  
**Legal and Claims Committee**

November 8, 2005 Board Meeting

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7-6

## **Subject**

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Amend Metropolitan's Administrative Code regarding Expense Account Regulations pursuant to AB 1234

## **Description**

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Amendments to the Administrative Code are proposed to comply with new expense reimbursement requirements imposed by Government Code Sections 53232.2 and 53232.3, which were added by AB 1234 (Salinas). This law requires that the governing bodies of local government agencies adopt a written policy for reimbursement of members for actual and necessary expenses incurred in the performance of official duties. The written policy must specify the types of occurrences that qualify a member to receive reimbursement related to travel, meals and other actual and necessary expenses, and may also specify reasonable reimbursement rates for these expenditures. Except for rules allowing reimbursement of lodging at conference, government and group rates, if those rates are available, the rates for travel, meals, lodging and incidentals established by the Internal Revenue Service (IRS) in Publication 463, or any successor publication, will apply to travel reimbursements for directors as of January 1, 2006, unless a local agency has adopted specific reimbursement rates for these expenses. Expenses that do not fall within the adopted travel reimbursement policy or the IRS rates must be approved by the governing body in a public meeting before the expenses are incurred.

The IRS reimbursement rates are the *per diem* rates payable to federal employees while traveling. IRS expense reimbursement rates vary based on the location of the expenditures. Effective October 1, 2005, the IRS reimbursement rate for Los Angeles is a maximum of \$160 per day for lodging, meals and expenses, with \$96 of that amount for lodging and \$64 for meals and expenses. The IRS reimbursement rate for Sacramento is a maximum of \$153 per day for lodging, meals and expenses, including \$94 for lodging and \$59 for meals and expenses. The IRS reimbursement rate for lodging in Washington, D.C. varies by season, ranging from a high of \$187 per day from January 1 through May 31 to a low of \$145 per day from June 1 through August 31. The reimbursement rate for meals and expenses in Washington D.C. is \$64 a day throughout the year.

Metropolitan initially adopted travel expense regulations in 1980. Metropolitan's current expense regulations, set forth in Administrative Code Sections 6320 through 6332, provide that all travel at Metropolitan's expense must be for Metropolitan purposes and that expenses must be reasonable. They also take into account that Metropolitan directors, unlike most other local government officials, serve on a purely voluntary basis, receiving no compensation from Metropolitan for attending board and committee meetings or for traveling on Metropolitan business. The current regulations contain procedures for authorization of travel and detailed rules for travel by airplane or other common carriers and rental cars, including how a route and mode of travel is to be selected. They require booking of travel and hotels at government or group rates, when available, and coach or economy class air travel, except under extraordinary circumstances. Written expense reports are required to document all travel expenses. The reports are audited periodically by Metropolitan's General Auditor.

Although the current travel expense provisions of Metropolitan's Administrative Code comply with most of the new requirements imposed under AB 1234, they do not specify maximum expense reimbursement rates. Therefore, it is proposed that the Board adopt a maximum reimbursement rate (excluding transportation costs) of \$850 per day. Adopting this maximum reimbursement rate will allow Metropolitan to continue to reimburse travel expenses under current policy rather than at IRS *per diem* rates. The proposed maximum rate is anticipated to exceed actual travel costs, which still must satisfy the requirements of Metropolitan's existing travel policy.

In addition, amendments to Administrative Code Section 6329, relating to cash advancement procedures, also are proposed to conform that section to current Metropolitan practices. The basic cash advancement policy remains in the Administrative Code, but the details as to how to actually obtain a cash advance are established by the Controller.

**Attachment 1** shows the proposed changes to the Administrative Code, with underlining for additions and strikeouts for deletions. **Attachment 2** shows the language as it would now appear in the Administrative Code. **Attachment 3** sets forth the reimbursement provisions in AB 1234.

## Policy

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Government Code Sections 53232.2-53232.3

### California Environmental Quality Act (CEQA)

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CEQA determination for Options #1 and #2:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

CEQA determination for Option #3:

None required

### Board Options/Fiscal Impacts

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#### Option #1

Adopt the CEQA determination and the amendments to the Administrative Code set forth in **Attachment 1**.

**Fiscal Impact:** Unknown because it depends on the extent of future travel to further Metropolitan's interests

#### Option #2

Adopt the CEQA determination and the amendments to the Administrative Code set forth in **Attachment 1**, with a different maximum reimbursement rate or other changes adopted by the Board.

**Fiscal Impact:** Unknown because it depends on the extent of future travel to further Metropolitan's interests

#### Option #3


Do not adopt specific reimbursement rates, and have the reimbursement rates for lodging and meals and actual and necessary incidental expenses published by the IRS apply to travel by directors as of January 1, 2006.

**Fiscal Impact:** Unknown because it depends on the extent of future travel to further Metropolitan's interests

**Staff Recommendation**

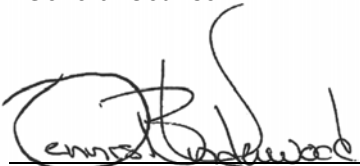
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Option #1

  
\_\_\_\_\_  
for Sydney B. Bennion  
Jeffrey Kightlinger  
General Counsel

10/25/2005

*Date*

  
\_\_\_\_\_  
Dennis B. Underwood  
CEO/General Manager

10/25/2005

*Date*

**Attachment 1 – Proposed Amendments to the Administrative Code – Redline Form**

**Attachment 2 – Proposed Amendments to the Administrative Code – Clean Form**

**Attachment 3 – Relevant Portions of AB 1234**

BLA #3985

## EXPENSE ACCOUNT REGULATIONS

Sec.

- 6320. Policy
- 6321. ~~Levels of Expenses~~ Expense Reimbursement Rates
- 6322. Supervision
- 6323. Definitions
- 6324. Authorization for Domestic Travel
- 6325. Authorization for International Travel
- 6326. Authorized Expenses
- 6327. Route and Mode of Travel
- 6328. Other Expenses
- 6329. Funds
- 6330. Lobbying
- 6331. Preparation, Approval and Processing of Claims
- 6332. Audit

### § 6320. Policy.

Payment for travel and other expenses incurred by directors and employees shall be allowed only for the purpose of furthering the interests of the District. An expense shall be deemed to be incurred to further the interests of the District when it is incurred for an activity that has a significant and meaningful link to the purposes, policies, and interests of the District. It is the purpose of these regulations to furnish rules, guidelines and procedures to assist directors and employees in claiming reimbursement of all such expenses. Expenditures will be closely scrutinized and only those considered to be necessary will be allowed. Directors and employees shall repay the District for disallowed expenses incurred on their behalf.

### § 6321. ~~Levels of Expenses~~ Expense Reimbursement Rates.

Expenditures for lodging, meals, transportation and other activities, as authorized in accordance with Sections 6324, 6325 and 6326, should provide for reasonable comfort and convenience. It should be borne in mind, however, that public funds are being spent and that only a reasonable level of expense is warranted. Except as otherwise set forth in an applicable Memorandum of Understanding with a District employee association, all reimbursements of travel expenses are subject to the following limits:

(a) Lodging shall be obtained at government or group rates, when available. For conferences and organized educational activities, lodging costs shall not exceed the maximum group rate published by the sponsor of the conference or activity. If there is no government or group rate available, then lodging expenditures will be subject to the limitations of Section 6321(c).

(b) Transportation costs and costs associated with transportation will be reimbursed according to the requirements of Section 6326.

(c) Reimbursement to directors for meals, lodging, and other actual and necessary expenses (excluding costs described in Section 6321(a) or 6321(b)) shall not exceed \$850 per day.

### § 6322. Supervision.

As circumstances vary considerably in those instances where directors and employees must incur expenses, care by those incurring expenses, and supervision by those approving expense accounts are the most effective controls over expenditures. When expenses that might be regarded as out of the ordinary are foreseen, the approving officer's instructions should be sought beforehand.

**§ 6323. Definitions.**

(a) "Employee" shall mean directors and employees unless specifically stated otherwise. Employees within a bargaining unit, which has a Memorandum of Understanding with the District, shall be governed by its provisions to the extent it provides for reimbursement of expenses or per diem. Where authorization for an employee to travel is required from a "Department Head or group manager," the term shall mean the positions so identified by the organizational chart contained in the most recent annual District budget adopted by the Board. In the case of a director, the terms shall be deemed to mean the Chairman of the Board.

(b) "Travel" shall mean attendance at meetings, conferences, or other functions on District business at other than the employee's headquarters or temporary headquarters or, in the case of directors, their residences or places of business, whichever is applicable. Employees shall not be in travel status to the extent that they travel to perform job assignments related to District facilities within designated service or maintenance areas unless it is overnight. A specific headquarters shall be designated for each employee.

(c) "Overnight travel" shall mean travel which prevents employees from spending their usual sleeping hours at their residences.

(d) "Temporary headquarters" shall mean District facilities other than their regular headquarters where employees are instructed by their immediate supervisors to report on a temporary basis.

(e) "Business meal" shall be one in which employees provide non-employees and themselves meals and beverages ordinarily associated with normal eating customs under circumstances which are generally considered to be conducive to furthering the business of the District. A "business meal" unless otherwise justified does not include a meal furnished by an employee to someone in expectation that another meal will be furnished to the employee or in repayment of one previously furnished. A "business meal" shall also include employees' meals at business meetings away from a District facility with non-employees who pay for their own meals, or at a business program sponsored by a business or professional association where the subject matter of the discussion is of importance to the District. Employees (not including directors) ordinarily may not themselves partake in, or provide for others, business meals without prior authorization by their group, assistant group or section manager provided, however, whenever an employee who customarily performs District job assignments at a specific location, or locations, is required to be at a substantial distance from that location on District business during a period when a meal is usually partaken, the employee shall be reimbursed by the District for the expense of meals partaken at such other locations. In addition to the above, a Department Head may authorize meals for employees under special circumstances.

**§ 6324. Authorization for Domestic Travel.****(a) Directors**

(1) Directors are authorized to travel anywhere within the States of Arizona, California and Nevada on District business.

(2) Other domestic travel on District business by directors shall be undertaken only with the prior approval of the Chair of the Board or, on the Chair's referral, the Executive Committee. In considering whether to give such approval, the criteria set out in Section 6320 shall be applied. The Chair, or the Executive Secretary acting at the Chair's direction, shall advise the director in writing in advance that the travel is authorized.

(3) Where a director expects to be absent from the State for personal reasons for more than 60 days, that director shall, in advance of departure, request approval from the Board in order to comply with Government Code Section 1062.

(b) Employees

(1) Employees if authorized by their supervisors may travel anywhere within Southern California (including Bakersfield) to carry out their job assignments.

(2) Group managers are authorized, and may authorize their staff, to travel anywhere within the United States to carry out a job assignment.

**§ 6325. Authorization for International Travel.**

(a) The Chief Executive Officer is authorized to approve travel of District personnel to foreign countries, when necessary as an incident to the evaluation of bids or the administration of contracts, and for participation in conferences, inspection trips, meetings or exchanges of potential benefit to the District. The Chief Executive Officer shall report all international travel approved pursuant to this section to the Chair of the Board in advance of such travel being taken, together with a written justification for the travel pursuant to the criteria set forth in subpart (c).

(b) All requests for international travel by directors or Department Heads shall be submitted to the Chair of the Board in advance of the travel date for participation in conferences, inspection trips, meetings or exchanges of potential benefit to the District. The Chair of the Board shall authorize the international travel when appropriate pursuant to the criteria set forth in subpart (c). The Chair or the Executive Secretary acting at the Chair's direction shall, in advance of such participation, advise, in writing, any director whose participation is authorized.

(c) The Chair, in approving international travel by a director or Department Head, and the Chief Executive Officer, in approving international travel by a member of the staff, shall consider, among others, the following criteria:

(1) Whether significant personal contacts of direct and significant benefit in the conduct of the District's affairs will be made as the result of such participation;

(2) Whether technical or administrative information to be gained by participation will be of direct and significant benefit in the conduct of the District's affairs;

(3) Whether the cost of participation, including both travel costs and time taken from other District assignments, is warranted by the anticipated benefits to be gained by the District through new knowledge, contacts, or technology; and

(4) Whether dissemination of information about the District to the target audience will significantly contribute to the protection of the District's rights and properties.

(d) The Chair of the Board shall report quarterly to the Executive Committee on all international travel which has been approved pursuant to this section for directors, Department Heads, and staff members.

**§ 6326. Authorized Expenses.**

(a) ~~Expenses in General~~ Transportation Costs and Costs Associated with Transportation. - Authorized transportation expenses may include ~~business telephone calls, business meals,~~ common carrier fares, rental of automobiles, parking fees, and use of personal automobiles at the standard mileage rate provided for in any applicable memorandum of understanding. If no memorandum of understanding is applicable, the rate shall be the standard mileage rate permitted at the time by the Internal Revenue Service in computing a deduction for business mileage; provided, however, that for employees in the classifications listed in Section 6500, mileage for use of personal automobiles on District business shall be reimbursed only as provided in the Operating Policy then in effect which sets forth the vehicle allowances and related benefits for such employees.

(b) Overnight Travel. - In addition to those expenses described in Section 6326(a), authorized expenses while traveling overnight on District business also may include reasonable telephone calls to the employee's family, meals, lodging, baggage handling, tips, and any other reasonable incidental expenses of the trip which are business related rather than personal in nature. If a family member should accompany ~~the~~an employee, subject to the requirements of Section 6321, lodging expense may only be reimbursed at the applicable rate for a single room to be occupied by only one person. Travel costs, meals and all other incidental expenses for a family member are not authorized unless approved in advance in writing by the Department Head or the Executive Committee after a determination has been made that the family member's participation is appropriate.

Subject to the requirements of Section 6321(c), ~~The~~ District shall pay lodging, meal and other reasonable incidental expenses incurred at the destination required for business purposes when travel is extended for a time beyond what is normally required for such purposes (i.e., over a weekend), if the extension of time reduces the transportation costs that would otherwise have been incurred, thereby resulting in a net cost savings overall. Whenever such situations occur, they shall be fully described on the expense claim form subsequently prepared to document the travel activity. Notwithstanding the foregoing, the District shall not pay for transportation costs other than to and from the destination required for business purposes.

(c) Business Meal. - Business meal expenses may include the cost of meals and beverages ordinarily associated with normal eating customs. An adequate description of the purpose of the meal and the names of guests and their affiliations shall be provided whenever claiming reimbursement for business meals which include one or more guests.

—A meal furnished to a fellow employee will only be reimbursed if: (a) both would be entitled to reimbursement; (b) if the meal is in connection with a business discussion with a non-employee; or (c) while both employees are in overnight travel status.

—An employee while in overnight status, who provides a business meal at a hotel, where the employee is staying on District business, or at a restaurant, when the bill is directly forwarded to the District for payment, must indicate on the employee's expense account who the guest was and the business reason for the expense.

(d) Transportation. - The type of transportation employed shall be selected on the basis of the lowest overall cost to the District after all costs are considered, including the travel time and the salary of the employee; provided, however, that travel by common carrier bus shall not be required.

Trips which require travel in excess of 200 miles one way shall be made by commercial airline unless the circumstances dictate otherwise. Reimbursements for any transportation costs for trips over 200 miles one way by any form of transportation shall generally not exceed the standard round-trip airline coach airfare in effect at the time, as established by the Manager, Purchasing and Stores, plus any personal auto mileage and airport parking that would have been incurred and reimbursable if airline transportation had been used. In lieu of this, if a person is authorized to obtain their own ticket for a trip on a commercial airline, that person can receive the amount of the standard round-trip airline coach airfare in effect at the time, as established by the Manager, Purchasing and Stores, plus any personal auto mileage and airport parking costs incurred.

Whenever practicable, all air travel ticketing shall be made by the Manager, Purchasing and Stores upon receipt of a written request approved in accordance with Section 6324. Directors' travel requests shall be coordinated through the office of the Executive Secretary. Determination of the standard round-trip coach airfare, for purposes of establishing a reimbursement limit on optional forms of travel, shall be made in advance whenever practicable. All airline travel shall only be by airplane coach or economy class except: (1) when the Manager, Purchasing and Stores finds that coach or economy seats are unavailable at the time of ticketing, or (2) where the Department Head or the Board's Chair finds that some physical problem, essential business, or exceptional circumstance warrants travel in a higher class. An employee who obtains airline tickets from the Manager, Purchasing and Stores for the purpose of combining personal travel with District travel, or for travel with a family member, shall prior to receipt of such ticket, either make payment for the portion of cost attributable

to personal travel or to the family member's travel, or agree in writing to reimburse the District for such cost not later than the date of travel.

(e) The expenses of a director's spouse who accompanies the director on District business shall not be borne by the District or reimbursable to a director unless specifically authorized in writing by the Chair of the Board (or Executive Committee) in advance as an expense necessary for the proper representation of the District. Such reimbursements shall be reported as income of the recipient, as required under applicable tax law.

(f) The expenses of an employee shall not be reimbursed by the District to the extent that they are reimbursed by another party.

#### **§ 6327. Route and Mode of Travel.**

(a) Travel must be by the most direct route, considering the mode of transportation used. Additional expense resulting from travel by an indirect route for the personal interest of the employee is not chargeable to the District, but is to be reported on claims for reimbursement and identified as chargeable to the employee.

(b) The department head or group manager shall reject or reduce claims for reimbursement of expenses resulting from unauthorized travel or inappropriate selection by the employee of class of transportation, lodging, or meals.

(c) Department heads, assistant department heads, group, assistant group, and section managers are authorized and may authorize other employees to approve transportation orders to check out pool cars from the Los Angeles headquarters garage. Directors requiring the use of District vehicles shall place their requests through the Chief Executive Officer.

#### **§ 6328. Other Expenses.**

Expenses not otherwise covered by these regulations and not exceeding \$100 may be approved by the group manager if consistent with the requirements of Sections 6320 and 6321. Those in excess of \$100 shall be approved by the department head.

#### **§ 6329. Funds.**

(a) Employees on travel status are expected to provide themselves with sufficient funds to cover all out-of-pocket expenses, which will be reimbursed by the District if appropriate.

(b) ~~If necessary, funds will be advanced to employees to be on travel status on a temporary basis upon submission of Form 25-22, Authorization for Temporary Cash Advance, approved by a department head or group manager, the employee's request and in accordance with procedures established by the Controller. The original of the authorization is to be forwarded to the Controller.~~

~~(c) Claims for minor local travel expenses aggregating not more than \$100 per individual employee may be reimbursed from permanent cash advances held by local supervisors, or from petty cash by the Treasurer. The claim shall include all the information required to substantiate a claim on the expense account form. The Treasurer may also provide temporary travel advances and replenishment of permanent advance accounts in amounts up to \$150.~~

#### **§ 6330. Lobbying.**

Directors or employees incurring expenses on behalf of Metropolitan to influence state legislative or administrative action shall separate such items on their expense account from other expenses and identify the action, the purpose of the expenditures, the name of the beneficiary of the expenditure, if other than the employee or payee, and the state agency, if any, and name of official involved and shall assign expenses incurred to the



appropriate chart of accounts flex fields for lobbying. The General Counsel shall provide specific guidance to directors and employees concerning the reporting of lobbying expenses.

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### § 6320. Policy.

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(b) Transportation costs and costs associated with transportation will be reimbursed according to the requirements of Section 6326.

(c) Reimbursement to directors for meals, lodging, and other actual and necessary expenses (excluding costs described in Section 6321(a) or 6321(b)) shall not exceed \$850 per day.

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(b) "Travel" shall mean attendance at meetings, conferences, or other functions on District business at other than the employee's headquarters or temporary headquarters or, in the case of directors, their residences or places of business, whichever is applicable. Employees shall not be in travel status to the extent that they travel to perform job assignments related to District facilities within designated service or maintenance areas unless it is overnight. A specific headquarters shall be designated for each employee.

(c) "Overnight travel" shall mean travel which prevents employees from spending their usual sleeping hours at their residences.

(d) "Temporary headquarters" shall mean District facilities other than their regular headquarters where employees are instructed by their immediate supervisors to report on a temporary basis.

(e) "Business meal" shall be one in which employees provide non-employees and themselves meals and beverages ordinarily associated with normal eating customs under circumstances which are generally considered to be conducive to furthering the business of the District. A "business meal" unless otherwise justified does not include a meal furnished by an employee to someone in expectation that another meal will be furnished to the employee or in repayment of one previously furnished. A "business meal" shall also include employees' meals at business meetings away from a District facility with non-employees who pay for their own meals, or at a business program sponsored by a business or professional association where the subject matter of the discussion is of importance to the District. Employees (not including directors) ordinarily may not themselves partake in, or provide for others, business meals without prior authorization by their group, assistant group or section manager provided, however, whenever an employee who customarily performs District job assignments at a specific location, or locations, is required to be at a substantial distance from that location on District business during a period when a meal is usually partaken, the employee shall be reimbursed by the District for the expense of meals partaken at such other locations. In addition to the above, a Department Head may authorize meals for employees under special circumstances.

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(3) Where a director expects to be absent from the State for personal reasons for more than 60 days, that director shall, in advance of departure, request approval from the Board in order to comply with Government Code Section 1062.

(b) Employees

(1) Employees if authorized by their supervisors may travel anywhere within Southern California (including Bakersfield) to carry out their job assignments.

(2) Group managers are authorized, and may authorize their staff, to travel anywhere within the United States to carry out a job assignment.

**§ 6325. Authorization for International Travel.**

(a) The Chief Executive Officer is authorized to approve travel of District personnel to foreign countries, when necessary as an incident to the evaluation of bids or the administration of contracts, and for participation in conferences, inspection trips, meetings or exchanges of potential benefit to the District. The Chief Executive Officer shall report all international travel approved pursuant to this section to the Chair of the Board in advance of such travel being taken, together with a written justification for the travel pursuant to the criteria set forth in subpart (c).

(b) All requests for international travel by directors or Department Heads shall be submitted to the Chair of the Board in advance of the travel date for participation in conferences, inspection trips, meetings or exchanges of potential benefit to the District. The Chair of the Board shall authorize the international travel when appropriate pursuant to the criteria set forth in subpart (c). The Chair or the Executive Secretary acting at the Chair's direction shall, in advance of such participation, advise, in writing, any director whose participation is authorized.

(c) The Chair, in approving international travel by a director or Department Head, and the Chief Executive Officer, in approving international travel by a member of the staff, shall consider, among others, the following criteria:

(1) Whether significant personal contacts of direct and significant benefit in the conduct of the District's affairs will be made as the result of such participation;

(2) Whether technical or administrative information to be gained by participation will be of direct and significant benefit in the conduct of the District's affairs;

(3) Whether the cost of participation, including both travel costs and time taken from other District assignments, is warranted by the anticipated benefits to be gained by the District through new knowledge, contacts, or technology; and

(4) Whether dissemination of information about the District to the target audience will significantly contribute to the protection of the District's rights and properties.

(d) The Chair of the Board shall report quarterly to the Executive Committee on all international travel which has been approved pursuant to this section for directors, Department Heads, and staff members.

**§ 6326. Authorized Expenses.**

(a) Transportation Costs and Costs Associated with Transportation. - Authorized transportation expenses may include common carrier fares, rental of automobiles, parking fees, and use of personal automobiles at the standard mileage rate provided for in any applicable memorandum of understanding. If no memorandum of understanding is applicable, the rate shall be the standard mileage rate permitted at the time by the Internal Revenue Service in computing a deduction for business mileage; provided, however, that for employees in the classifications listed in Section 6500, mileage for use of personal automobiles on District business shall be reimbursed only as provided in the Operating Policy then in effect which sets forth the vehicle allowances and related benefits for such employees.

(b) Overnight Travel. - In addition to those expenses described in Section 6326(a), authorized expenses while traveling overnight on District business also may include reasonable telephone calls to the employee's family, meals, lodging, baggage handling, tips, and any other reasonable incidental expenses of the trip which are business related rather than personal in nature. If a family member should accompany an employee, subject to the requirements of Section 6321, lodging expense may only be reimbursed at the applicable rate for a single room to be occupied by only one person. Travel costs, meals and all other incidental expenses for a family member are not authorized unless approved in advance in writing by the Department Head or the Executive Committee after a determination has been made that the family member's participation is appropriate.

Subject to the requirements of Section 6321(c), the District shall pay lodging, meal and other reasonable incidental expenses incurred at the destination required for business purposes when travel is extended for a time beyond what is normally required for such purposes (i.e., over a weekend), if the extension of time reduces the transportation costs that would otherwise have been incurred, thereby resulting in a net cost savings overall. Whenever such situations occur, they shall be fully described on the expense claim form subsequently prepared to document the travel activity. Notwithstanding the foregoing, the District shall not pay for transportation costs other than to and from the destination required for business purposes.

(c) Business Meal. - Business meal expenses may include the cost of meals and beverages ordinarily associated with normal eating customs. An adequate description of the purpose of the meal and the names of guests and their affiliations shall be provided whenever claiming reimbursement for business meals which include one or more guests.

A meal furnished to a fellow employee will only be reimbursed if: (a) both would be entitled to reimbursement; (b) if the meal is in connection with a business discussion with a non-employee; or (c) while both employees are in overnight travel status.

An employee while in overnight status, who provides a business meal at a hotel, where the employee is staying on District business, or at a restaurant, when the bill is directly forwarded to the District for payment, must indicate on the employee's expense account who the guest was and the business reason for the expense.

(d) Transportation. - The type of transportation employed shall be selected on the basis of the lowest overall cost to the District after all costs are considered, including the travel time and the salary of the employee; provided, however, that travel by common carrier bus shall not be required.

Trips which require travel in excess of 200 miles one way shall be made by commercial airline unless the circumstances dictate otherwise. Reimbursements for any transportation costs for trips over 200 miles one way by any form of transportation shall generally not exceed the standard round-trip airline coach airfare in effect at the time, as established by the Manager, Purchasing and Stores, plus any personal auto mileage and airport parking that would have been incurred and reimbursable if airline transportation had been used. In lieu of this, if a person is authorized to obtain their own ticket for a trip on a commercial airline, that person can receive the amount of the standard round-trip airline coach airfare in effect at the time, as established by the Manager, Purchasing and Stores, plus any personal auto mileage and airport parking costs incurred.

Whenever practicable, all air travel ticketing shall be made by the Manager, Purchasing and Stores upon receipt of a written request approved in accordance with Section 6324. Directors' travel requests shall be coordinated through the office of the Executive Secretary. Determination of the standard round-trip coach airfare, for purposes of establishing a reimbursement limit on optional forms of travel, shall be made in advance whenever practicable. All airline travel shall only be by airplane coach or economy class except: (1) when the Manager, Purchasing and Stores finds that coach or economy seats are unavailable at the time of ticketing, or (2) where the Department Head or the Board's Chair finds that some physical problem, essential business, or exceptional circumstance warrants travel in a higher class. An employee who obtains airline tickets from the Manager, Purchasing and Stores for the purpose of combining personal travel with District travel, or for travel with a family member, shall prior to receipt of such ticket, either make payment for the portion of cost attributable

to personal travel or to the family member's travel, or agree in writing to reimburse the District for such cost not later than the date of travel.

(e) The expenses of a director's spouse who accompanies the director on District business shall not be borne by the District or reimbursable to a director unless specifically authorized in writing by the Chair of the Board (or Executive Committee) in advance as an expense necessary for the proper representation of the District. Such reimbursements shall be reported as income of the recipient, as required under applicable tax law.

(f) The expenses of an employee shall not be reimbursed by the District to the extent that they are reimbursed by another party.

#### **§ 6327. Route and Mode of Travel.**

(a) Travel must be by the most direct route, considering the mode of transportation used. Additional expense resulting from travel by an indirect route for the personal interest of the employee is not chargeable to the District, but is to be reported on claims for reimbursement and identified as chargeable to the employee.

(b) The department head or group manager shall reject or reduce claims for reimbursement of expenses resulting from unauthorized travel or inappropriate selection by the employee of class of transportation, lodging, or meals.

(c) Department heads, assistant department heads, group, assistant group, and section managers are authorized and may authorize other employees to approve transportation orders to check out pool cars from the Los Angeles headquarters garage. Directors requiring the use of District vehicles shall place their requests through the Chief Executive Officer.

#### **§ 6328. Other Expenses.**

Expenses not otherwise covered by these regulations and not exceeding \$100 may be approved by the group manager if consistent with the requirements of Sections 6320 and 6321. Those in excess of \$100 shall be approved by the department head.

#### **§ 6329. Funds.**

(a) Employees on travel status are expected to provide themselves with sufficient funds to cover all out-of-pocket expenses, which will be reimbursed by the District if appropriate.

(b) If necessary, funds will be advanced to employees to be on travel status on a temporary basis upon the employee's request and in accordance with procedures established by the Controller.

#### **§ 6330. Lobbying.**

Directors or employees incurring expenses on behalf of Metropolitan to influence state legislative or administrative action shall separate such items on their expense account from other expenses and identify the action, the purpose of the expenditures, the name of the beneficiary of the expenditure, if other than the employee or payee, and the state agency, if any, and name of official involved and shall assign expenses incurred to the appropriate chart of accounts flex fields for lobbying. The General Counsel shall provide specific guidance to directors and employees concerning the reporting of lobbying expenses.

**AB 1234 – REIMBURSEMENT PROVISIONS**

## Article 2.3. Compensation

**53232.** For the purposes of this article, the following terms have the following meanings:

(a) “Governing body,” means the board of supervisors in the case of a county or a city and county, the city council or board of trustees in the case of a city, and the board of directors or other governing body in the case of a special district.

(b) “Legislative body” has the same meaning as specified in Section 54952.

(c) “Local agency” means a city, county, city and county, charter city, charter county, charter city and county, or special district.

(d) “Meeting” has the same meaning as specified in subdivision (a) of Section 54952.2.

**53232.1.** (a) When compensation is otherwise authorized by statute, a local agency may pay compensation to members of a legislative body for attendance at the following occurrences:

(1) A meeting of the legislative body.

(2) A meeting of an advisory body.

(3) A conference or organized educational activity conducted in compliance with subdivision (c) of Section 54952.2, including, but not limited to, ethics training required by Article 2.4 (commencing with Section 53234).

(b) A local agency may pay compensation for attendance at occurrences not specified in subdivision (a) only if the governing body has adopted, in a public meeting, a written policy specifying other types of occasions that constitute the performance of official duties for which a member of the legislative body may receive payment.

(c) This section shall not apply to any local agency that pays compensation in the form of a salary to members of a legislative body, including, but not limited to, those local agencies whose legislative bodies’ compensation is subject to Section 36516 or 36516.1, subparagraph (B) or (C) of paragraph (2) of subdivision (a) of Section 21166 or Section 22840 of the Water Code, Section 11908.1 of the Public Utilities Code, Section 6060 of the Harbors and Navigation Code, or subdivision (b) of Section 1 or Section 5 of Article XI of the California Constitution.

**53232.2.** (a) When reimbursement is otherwise authorized by statute, a local agency may reimburse members of a legislative body for actual and necessary expenses incurred in the performance of official duties, including, but not limited to, activities described in Article 2.4 (commencing with Section 53234).

(b) If a local agency reimburses members of a legislative body for actual and necessary expenses incurred in the performance of official duties, then the governing body shall adopt a written policy, in a public meeting, specifying the types of occurrences that qualify a member of the legislative body to receive reimbursement of expenses relating to travel, meals, lodging, and other actual and necessary expenses.

(c) The policy described in subdivision (b) may also specify the reasonable reimbursement rates for travel, meals, and lodging, and other actual and necessary expenses. If it does not, the local agency shall use the Internal Revenue Service rates for reimbursement of travel, meals, lodging, and other actual and necessary expenses as established in Publication 463, or any successor publication.

(d) If the lodging is in connection with a conference or organized educational activity conducted in compliance with subdivision (c) of Section 54952.2, including, but not limited to, ethics training required by Article 2.4 (commencing with Section 53234), 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 member of a legislative body at the time of booking. If the group rate is not available, the member of a legislative body shall use comparable lodging that is consistent with the requirements of subdivisions (c) and (e).

(e) Members of the legislative body shall use government and group rates offered by a provider of transportation or lodging services for travel and lodging when available.

(f) All expenses that do not fall within the adopted travel reimbursement policy or the Internal Revenue Service reimbursable rates as provided in subdivision (c), shall be approved by the governing body, in a public meeting before the expense is incurred, except as provided in subdivision (d).

(g) This section shall not supersede any other laws establishing reimbursement rates for local agencies.

**53232.3.** (a) If a local agency reimburses members of a legislative body for actual and necessary expenses incurred in the performance of official duties, then a local agency shall provide expense report forms to be filed by the members of the legislative body for reimbursement for actual and necessary expenses incurred on behalf of the local agency in the performance of official duties. Reimbursable expenses shall include, but not be limited to, meals, lodging, and travel.

(b) Expense reports shall document that expenses meet the existing policy, adopted pursuant to Section 53232.2, for expenditure of public resources.

(c) Members of a legislative body shall submit expense reports within a reasonable time after incurring the expense, as determined by the legislative body, and the receipts documenting each expense shall accompany the reports.

(d) Members of a legislative body shall provide brief reports on meetings attended at the expense of the local agency at the next regular meeting of the legislative body.

(e) All documents related to reimbursable agency expenditures are public records subject to disclosure under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1).

**53232.4.** Penalties for misuse of public resources or falsifying expense reports in violation of expense reporting polices may include, but are not limited to, the following:

(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.