

ORIGINAL

RESOLUTION NO. 318

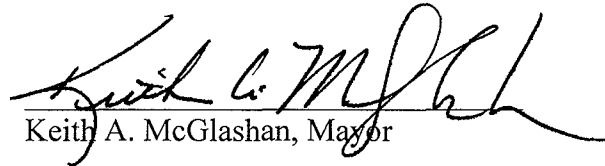
A RESOLUTION OF THE CITY OF SHORELINE, WASHINGTON, REVISING THE CITY BUSINESS EXPENSE POLICY FOR EMPLOYEES AND OFFICIALS

WHEREAS, the City Council wishes to revise the Business Expense Policy as adopted on February 7, 2005, under Resolution No. 228 to coordinate expenses for travel, meals and fees with deductible expenses under the tax code and to reflect current practice; now therefore

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHORELINE,
WASHINGTON, AS FOLLOWS:**

1. The City Council hereby adopts *Business Expense Policy* No. 2.111024, Exhibit 1 attached hereto and incorporated by reference.
2. The City Council makes this Business Expense Policy revision effective January 1, 2012.

ADOPTED BY THE CITY COUNCIL ON OCTOBER 24, 2011.


Keith A. McGlashan, Mayor

ATTEST:

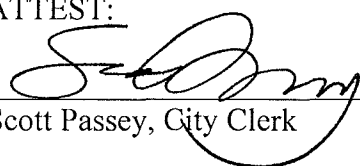

Scott Passey, City Clerk

Exhibit 1 - Business Expense Policy

Shoreline Policy and Procedure - 2.111024

ALLOWABLE BUSINESS EXPENSES

Category and Number: Finance No 2.111024	Receiving Number:
Code and statutory authority:	Authorized: Effective Date: January 1, 2012
Supersedes:	By: City Council

1.0 GENERAL PURPOSE

This document is the policy of the City of Shoreline, Washington for the reimbursement of business expenses by the City including travel, subsistence and related expenses, and certain non-travel related expenses incurred by authorized persons while conducting City business or providing a service for the City. To qualify for reimbursement, expenses must be reasonable and prudent under the circumstances and directly related to the conduct of business or service for the City. Reimbursement will be made subject to the rules contained in this policy and with Chapter 42.24 RCW.

It shall be the responsibility of the Administrative Services Department to ensure that these policies are adhered to and to provide the forms and instructions necessary for their implementation. Exceptions to the rules set forth herein may be made only for unusual or extenuating circumstances when such expenses reasonably relate to a benefit or service received by the City and compliance was not feasible. Policy exceptions may be authorized in writing by the City Manager or his/her designee.

2.0 DEPARTMENTS AFFECTED

All departments and City Council.

3.0 OVERNIGHT TRAVEL EXPENSES

This section covers expenses related to travel that requires an overnight stay. Section 4.0 covers guidelines for expenses related to local (non-overnight) activities.

The City will follow the US General Services Administration (GSA) schedules that provide for maximum reimbursement rates for lodging, meals and incidental expenses for authorized staff traveling on official business. Amounts exceeding those rates may be deducted from reimbursement claims, repaid by the employee, or reported as taxable wages on W-2 statements. These rates are adjusted annually by the General Services Administration.

3.1 DOCUMENTATION

No claim for reimbursement shall be paid unless it is accompanied by a bona fide vendor's receipt, except for per diem claims. Such receipts should detail the following information when applicable: date, description of purchase, vendor identification and amount paid. Meal ticket stubs are not considered adequate documentation for reimbursement. Expense reports shall include name(s) of individual(s) incurring the expense and how the expense relates to City business.

Specific rules for the approval of a reimbursement claim are included in Section 7.0.

3.2 REIMBURSABLE MEAL COSTS

All City employees and officials shall be entitled to reimbursement for meals consumed while traveling overnight on City business. Reimbursement may be based on either actual meal costs or per diem. In either case, reimbursement may not exceed the M&IE (Meals and Incidental Expenses) rate for the area of travel. These rates are established by the GSA and are adjusted annually.

Per diem rates differ based on locations defined by the GSA; tax and tip are included. Current rates can be found at www.gsa.gov/perdiem or by calling Accounts Payable (Ext. 2314).

If per diem reimbursement is claimed, receipts are not required. If reimbursement is claimed for actual meal costs, an itemized restaurant receipt is required. Meal ticket stubs alone are not considered adequate documentation for reimbursement. In no event shall any single meal be reimbursed in excess of the equivalent per diem rate for that meal, unless approved in writing by the City Manager. If the excess is approved, it will reported as taxable wages.

Payment for table service at a restaurant, commonly referred to as a tip, not to exceed 20% of the restaurant prices of the meal, is reimbursable as a reasonable and necessary cost for such service and as a reasonable and necessary part of the cost of the meal. Tips are included in the per diem rates as referenced above but may not exceed 20% whether or not the total cost of the meal exceeds the rate.

Any planned meals, the cost of which is included in a City-paid registration fee, whether or not the employee or official actually partakes of the meal, will not be reimbursable or eligible for per diem. Planned meals include continental breakfast, box lunches and banquets. Receptions at which hors d'oeuvres are the primary offering are not considered meals.

When a meal is included in a meeting and the costs cannot be segregated, the actual cost of the event is reimbursable. A vendor receipt or copy of the meeting agenda is required as documentation.

3.3 EXPENDITURES NOT ALLOWED AS ACTUAL MEAL COSTS

Unauthorized expenditures include, but are not limited to:

- Liquor (including beer and wine)
- Expenses of a spouse or other persons not authorized to receive reimbursement under this policy.

3.4 VEHICLE EXPENSES

A. CITY VEHICLE

Costs of transportation and vehicle operation are acceptable, such as gas, oil, tires, tolls, ferry charges, parking and necessary repairs.

B. PERSONAL VEHICLE

Expenses shall be reimbursed for travel within a 300 mile radius of the City at such rate per mile as shall be established from time to time by the Administrative Services Department, but not to exceed the then current maximum rate allowed by the United States Internal Revenue Service for reimbursement of such expenses for purposes of business travel expense deductions. Trips beyond this limit will be reimbursed in an amount equal to the lowest appropriate round trip air fare to the destination offered by a regularly scheduled commercial air carrier, plus an allowance for ground transportation based on the circumstances.

Mileage reimbursement will be calculated based on the round trip distance between City Hall and your destination or your actual mileage, whichever is less.

When travel is scheduled by public conveyance (bus, train, air, etc) outside a 300 mile radius, surface transportation to and from the conveyance depot/airport is appropriate.

Employees should exercise appropriate judgment and discretion in selecting a parking site when it is required to park a car while using other modes of transportation such as a plane. Often it is more cost effective to use parking services other than those provided directly within airports.

City employees and City officials who receive an automobile allowance in lieu of City provided transportation shall not be entitled to further reimbursement for surface transportation costs within a 300 mile radius of the City. Travel outside of a 300 mile radius will be calculated as

described above, except that no mileage reimbursement for surface transportation shall be allowed for travel to and from any Seattle area airport.

C. RENTAL VEHICLE

The cost of vehicle rental is considered an exception to this policy and must be approved in advance by the Department Director. A copy of the written approval must be attached to the Business Expense Report Form or to any City credit card acquisition.

3.5 AIR TRAVEL

The City of Shoreline uses the State of Washington contract for air travel whenever possible. Government airfares, while higher than super saver fares, will allow changes to your travel itinerary without a penalty. If you are an individual whose job may require you to make last minute changes, a government airfare is best suited for your air travel. In some cases, the government airfare is the same or very close to the super saver fares.

To access the State of Washington airfares, all travel arrangements must be made through a travel agency listed on the State of Washington authorized list. The City has selected Travel Leaders as our authorized State of Washington travel agency.

Employees who wish to take advantage of government airfare shall use the following process:

- 1) Employee may call Patti Scudder at Travel Leaders (206-546-5131) to establish an air travel itinerary. She is also available at patti.scudder@travelladers.com.
 - 2) Once an itinerary had been developed, employee fills out the Air Travel Authorization Form and obtains supervisor's authorization.
 - 3) Employee delivers Air Travel Authorization Form to Purchasing.
 - 4) Purchasing will authorize the travel form and forward to Travel Leaders. Travel Leaders will not book a ticket without approval from Purchasing.
 - 5) Employee will receive tickets within a week.
- Alternatively, employees may make their own air travel arrangements. They may use their own funds and submit a request for reimbursement or they may use a City credit card that has been designated for travel purposes. If they have been given authorization to use their P-card for travel expenses, they may also use that

method. The employee is only eligible to receive a reimbursement for self-arranged tickets up to the lowest cost that the City could have obtained directly.

When personal travel is combined with business related travel, the traveling employee shall be responsible for paying the increase in airfare necessary to accommodate the personal part of the flight. The City shall pay for the lowest reasonable and available airfare for the round trip between a Seattle area airport and the business-related destination. The employee's payment for personal travel shall accompany the City's payment to the vendor for the tickets.

When changes in travel plans occur that are the result of City business requirements, (i.e. delays in departure, cancellations, extended stays, or revised itinerary) any associated costs shall be paid by the City. However, all increases in cost of travel due to changes for personal convenience will be borne by the employee.

3.6 ACCOMMODATIONS

Supervisors may authorize lodging within the Puget Sound metropolitan region for multi-day functions but should use discretion when doing so. Factors that should be considered are length of travel from the employee's regular work place, length of meeting and budget.

Reasonable hotel/motel accommodations for employees and officials are acceptable and will be reimbursed or paid at a rate not to exceed the GSA maximum lodging rate for the area of travel. Rates may be obtained from the GSA website at www.gsa.gov/perdiem or by calling Accounts Payable (Ext. 2314). Note that rates listed by the GSA are for the base room rate only and do not include taxes or surcharges. These rates are adjusted annually by the GSA.

A vendor's receipt for this category is required for all claims. Direct billing of Hotel/Motel charges is only allowed when a purchase order is issued by the Purchasing division.

In the following situations, the maximum allowable lodging amounts may not be adequate and the Department Director or City Manager may approve payment of lodging expenses that exceed the allowable amount. Approval must be made, in writing, in advance of the travel.

- When lodging accommodations in the area of travel are not available at or below the maximum lodging amount and the savings achieved from occupying less expensive lodging at a more distant site are consumed by an increase in transportation and other costs.
- The traveler attends a meeting, conference, convention, or training session where local hotels offer conference rates. Further, it is anticipated that

maximum benefit will be achieved by authorizing the traveler to stay at the lodging facilities where the meeting, conference, convention or training session is held.

- To comply with provisions of the Americans with Disabilities Act, or when the health and safety of the traveler is at risk.

3.7 INCIDENTAL EXPENSES

Incidental expenses allowed as part of the daily per diem rates referenced in Section 3.2 include fees and tips given to porters, baggage carriers, bellhops and hotel maids. A vendor's receipt is not required; however, the daily total may not exceed \$5.00.

3.8 MISCELLANEOUS EXPENSES

This category includes all reasonable and necessary miscellaneous expenses and includes, but is not limited to, the following:

1. ALLOWABLE MISCELLANEOUS EXPENSES

- Bus, taxi, bridge or other tolls.
- Parking fees.
- Ferry costs.
- Laundry expenses if away from home three (3) or more working days.
- Baggage checking.
- Business telephone and postage expenses.
- One telephone call home per day if away from home for more than 24 hour duration is considered a business telephone expense. Phone calls home should not exceed 15 minutes per day.

2. NON-ALLOWABLE MISCELLANEOUS EXPENSES

- Personal entertainment.
- Theft, loss or damage to personal property.
- Expenses of a spouse, family or other persons not authorized to receive reimbursement under this policy.

- Barber or beauty parlor.
- Airline and other trip insurance.
- Personal postage, reading material.
- Personal toiletry articles.

A vendor's receipt will be required only when the single item cost of this type of expense exceeds \$10.00.

3.9. INTERNATIONAL TRAVEL

All international travel requires the prior approval of the City Manager.

4.0 LOCAL EXPENSES (NO OVERNIGHT STAY)

This section covers expenses related to meals and transportation for trips not requiring an overnight stay. See Section 3.0 for guidelines on overnight travel expenses.

The City will follow the US General Services Administration (GSA) schedules that provide for maximum reimbursement rates for meals and incidental expenses for authorized staff while on official business. Amounts exceeding those rates may be deducted from reimbursement claims, repaid by the employee, or reported as taxable wages on W-2 statements. These rates are adjusted annually by the General Services Administration.

4.1 DOCUMENTATION

No claim for reimbursement shall be paid unless it is accompanied by a bona fide vendor's receipt. Such receipts should detail the following information when applicable: date, description of purchase, vendor identification and amount paid. Meal ticket stubs are not considered adequate documentation for reimbursement. Expense reports shall include name(s) of individual(s) incurring the expense and how the expense relates to City business.

Specific rules for the approval of a reimbursement claim are included in Section 7.0.

4.2 REIMBURSABLE MEAL COSTS

All City employees and officials shall be entitled to reimbursement for the actual cost of meals consumed while on City business: including, but not limited to the following:

City of Shoreline Policy – Allowable Business Expenses

- A. Meal expenses incurred while attending trade or professional association sponsored events (WFOA, APWA, etc.), conferences, business related functions or approved professional training.
- B. When a City employee or official conducts business with a customer or employee during a meal, reimbursement may be claimed for the cost of both meals; however, business meetings should not be scheduled during meal times unless another time is not practical.

Requests for reimbursement of actual meal costs may not exceed the M&IE (Meals and Incidental Expenses) rate for the area. These rates are set by the General Services Administration and are adjusted annually. Current rates can be found at www.gsa.gov/perdiem or by calling Accounts Payable (Ext 2314).

An itemized restaurant receipt is required. Meal ticket stubs alone are not considered adequate documentation for reimbursement. In no event shall any single meal be reimbursed in excess of the equivalent per diem rate for that meal, unless approved in writing by the City Manager. If the excess is approved, it will be reported as taxable wages.

Payment for table service at a restaurant, commonly referred to as a tip, not to exceed 20% of the restaurant prices of the meal, is reimbursable as a reasonable and necessary cost for such service and as a reasonable and necessary part of the cost of the meal. Tips are included in the GSA per diem rates as referenced above and may not exceed 20% whether or not the total cost of the meal exceeds the rate.

Any planned meals, the cost of which is included in a City-paid registration fee, whether or not the employee or official actually partakes of the meal, will not be reimbursable or eligible for per diem. Planned meals include continental breakfast, box lunches and banquets. Receptions at which hors d'oeuvres are the primary offering are not considered meals.

When a meal is included in a meeting and the costs cannot be segregated, the actual cost of the event is reimbursable. A vendor receipt or copy of the meeting agenda is required as documentation.

4.3 EXPENDITURES NOT ALLOWED AS ACTUAL MEAL COSTS

Unauthorized expenditures include, but are not limited to:

- Liquor (including beer and wine)
- Expenses of a spouse or other persons not authorized to receive reimbursement under this policy.

4.4 VEHICLE EXPENSES

A. CITY VEHICLE

Costs of transportation and vehicle operation are acceptable, such as gas, oil, tires, tolls, ferry charges, parking and necessary repairs. When using a City vehicle to cross the Evergreen Point Bridge, a Good to Go pass may be checked out to use for tolls. Contact the Facilities Department for more information.

B. PERSONAL VEHICLE

Expenses shall be reimbursed for travel within a 300 mile radius of the City at such rate per mile as shall be established from time to time by the Administrative Services Department, but not to exceed the then current maximum rate allowed by the United States Internal Revenue Service for reimbursement of such expenses for purposes of business travel expense deductions.

Mileage reimbursement will be calculated based on the round trip distance between City Hall and your destination or your actual mileage, whichever is less.

City employees and City officials who receive an automobile allowance in lieu of City provided transportation shall not be entitled to further reimbursement for surface transportation costs within a 300 mile radius of the City.

Employees crossing the Evergreen Point Bridge may check out a Good to Go pass from the Facilities Department or request reimbursement for toll costs.

4.5 MISCELLANEOUS EXPENSES

This category includes all reasonable and necessary miscellaneous expenses and includes, but is not limited to the following:

1. ALLOWABLE MISCELLANEOUS EXPENSES

- Bus, taxi, bridge or other tolls.
- Parking fees.
- Ferry costs.
- Business telephone and postage expenses.

2. NON-ALLOWABLE MISCELLANEOUS EXPENSES

- Personal entertainment.
- Theft, loss or damage to personal property.
- Expenses of a spouse, family or other persons not authorized to receive reimbursement under this policy.
- Personal postage, reading material.

5.0 MOVING EXPENSES

The reasonable moving expenses of new employees in certain management and “hard-to-fill” positions are reimbursable at the discretion of the City Manager. Moving expenses shall mean the costs of moving household goods, furniture, clothing and other personal effects of the new employee.

The City Manager may also approve reimbursements for reasonable transportation and lodging expenses. Expenses may not exceed GSA reimbursement rates. All moving expense reimbursement requests will be reviewed for taxation pursuant to IRS Publication 521. Reimbursed expenses that are not considered deductible under an accountable plan will be reported as taxable wages. For example, according to the IRS, only lodging reimbursement for the day of arrival is considered deductible. Approved lodging reimbursement for additional days after arrival will be reported as taxable wages.

6.0 FOOD AND BEVERAGES AT CITY MEETINGS, EVENTS AND EMERGENCIES

6.1 CITY COUNCIL MEETINGS

- At regular Workshop dinner meetings and special meetings over meal times, food and beverages may be provided for Council members, the City Manager, other staff, and invited guests directly involved in the business discussed at the meeting.

6.2 CITY SPONSORED PUBLIC MEETINGS

- The City may expend reasonable funds for food and beverages at City sponsored public meetings to encourage attendance and interaction.

6.3 CEREMONIES/CELEBRATORY EVENTS

- Food and beverages may be served at recognition ceremonies.

- Food and beverages may be served at celebratory/recognition dinners for Sister City delegates and employees to facilitate meetings between delegates, officials, and staff since the Sister City relationship provides a public benefit. (Refer to Section 11.0, Sister City Program)

6.4 TRAINING SESSIONS AND STAFF MEETINGS

- Food and beverages may be provided at staff meetings and training sessions of four hours or more.
- Food and beverages of minimal value may be provided to volunteers during staff supervised work or training sessions.

6.5 COUNCIL AND STAFF RETREATS

- Food and beverages may be provided at both Council and staff retreats and should be budgeted for and provided as part of the retreat process.

6.6 WORKPLACE

- Beverage of minimal value may be provided to City employees at the work site during business hours.

6.7 EMERGENCIES

Emergency situations are events where it is determined that City assets or infrastructure and/or the public for which it protects is at risk. In these cases, City staff may be required to remain on-site outside of their normal work shift.

- Food and beverages may be provided when an emergency situation is expected to span over a regular meal period and employees are required to remain on-site or available to respond to an emergency.
- Reimbursement or direct City purchases may be made for food and beverage expenses incurred within an employee's official capacity to continue the operations of the City's programs or services that are necessary for the life, health or safety of Shoreline's citizens.
- The cost for City provided meals should generally be in line with allowable costs under the City's business expense policy.

7.0 CLAIMS AND APPROVAL PROCEDURE

An approved Business Expense Report Form must be submitted to the Administrative Services Department within fifteen (15) days after completion of each business trip, regardless of the method of payment of the travel expenses. Travel and subsistence

expenses will not be paid from any Petty Cash Fund except as allowed by Petty Cash procedures.

Receipts must be attached to the Expense Report for all expenses incurred, with the exception of per diem calculations for meals and miscellaneous travel costs less than \$10. If the travel was related to a meeting, conference or seminar, attach a copy of the itinerary or similar document detailing dates, times and meals provided as a part of the registration cost. If documentation is not available, attach a brief memo with that information.

The Expense Report should detail expenditures individually applicable to the use of a City P-Card, City MasterCard, and/or cash expended out of pocket.

Any special approvals required by this policy shall be obtained by employees prior to applicable travel and shall accompany the reconciliation form when submitted to the Administrative Services Department. Such approvals shall be by separate memo, which identifies the policy exception being authorized and explains the reasons therefor.

All non-Council reimbursement claims must be authorized by the claimant's supervisor, Department Director, City Manager, or a management employee authorized to act on their behalf.

Claims may include the reimbursable cost of other City officials or employees who would be entitled in their own right to claim business expenses.

Claims of Council members must be approved by the City Manager or his/her designee.

Claims that are rejected may be referred for review and disposition to the City Manager or his/her designee.

8.0 SEMINAR OR CONFERENCE REGISTRATION FEES

Payment of seminar or conference registration fees may be processed by the Administrative Services Department by initiating a Purchase Requisition or a Check Request. Fees may also be paid by P-card or by following the appropriate reimbursement policy. Details of the conference/seminar should be included in the body of the requisition or Check Request. Items such as dates, location, sponsoring organization, and registration deadline are useful information to assure prompt payment of the registration fee. If the conference or seminar is out of town and will result in overnight accommodations and/or travel expense, the traveling employee is responsible for obtaining the appropriate travel authorization through his/her department which adheres to this business expense policy. Travel arrangements, i.e. airline passage or automobile travel, are subject to the applicable sections of this policy.

9.0 EMPLOYEE DUES AND MEMBERSHIPS

It is the policy of the City of Shoreline to pay for the annual dues and memberships for employees in professional and civic organizations which directly relate to their specific job classification and directly benefit the City and the employee by providing staff with the network and information to further develop themselves in their professional capacity.

10.0 RECRUITING COSTS

The reasonable expenses of candidates for certain management and “hard-to-fill” positions are reimbursable when such candidates are invited to visit Shoreline for a personal interview. City Manager approval is required for all expenses to be reimbursed before invitations are issued to candidates.

The invitation shall specify the current per day meal allowance and the requirement that other expenses be documented and turned over to the recruiting official who will prepare the reimbursement claim. Unless otherwise directed by the City Manager, the written invitation for interview and arrangements for transportation and lodging will be made by the Human Resources Department or designee. Expenses may not exceed the current GSA reimbursement rate.

A copy of the interview invitation with supporting documents will be used as the customary vendor’s statement.

The expense guidelines contained in Sections 3.0 and 4.0 of this policy will be applied to recruiting claims. Other incidental expenses are limited to transportation to and from the Sea-Tac Airport and necessary telephone calls to City staff.

11.0 SISTER CITY PROGRAM

The City of Shoreline has established a Sister City Program to seek an enhanced understanding of international culture, heritage and problem solving. Sister City relationships provide mutual benefit by creating opportunities to participate in social, cultural, educational, governmental, environmental and economic exchanges as well as promoting tourism and trade.

Sister City relationships often result in visits of City staff and officials to the Sister City as well as visits to Shoreline by dignitaries and officials of the Sister City. Typical activities when visiting with a Sister City (either at home or abroad) include meals, business meetings, receptions, official gift exchanges and other informational exchanges. Expenses associated with such activities are considered an appropriate public expense. Direct payment of and/or reimbursement of such expenses must comply with the following guidelines and internal controls as adopted by the City’s business expense policy:

11.1 TRANSPORTATION

- The City may pay for airfare and transportation costs for Sister City delegates and staff.
- The City may pay for airfare and transportation costs for City staff and City officials traveling to Sister City locations.
- Airfare and transportation costs for non-staff is only allowable if the individual is directly involved in relations between the Sister City and Shoreline.

11.2 ACCOMMODATION

- The City may pay reasonable costs for accommodation of Sister City delegates and staff and for our City staff visiting our Sister City location.

11.3 MEALS

- Meals may be provided to Sister City delegates and staff members when provided as part of meetings with City officials and staff. The costs of all meals provided to the delegates and staff must be reasonable since it is difficult to justify excessive meal costs as a valid public purpose.
- When Shoreline employees travel to our Sister City location, City staff can be reimbursed for the reasonable cost of their meals. The reasonableness of this expense is outlined in Section 3.2 of this policy.
- Pursuant to Section 3.3 of this policy, public funds cannot be used to purchase alcoholic beverages.

11.4 ENTERTAINMENT

- Entertainment cannot be paid for out of public funds. Entertainment is not considered a public purpose since its main purpose is for the private enjoyment of delegates or staff members.

11.5 CEREMONIES

- The City may expend reasonable funds to sponsor and promote public ceremonies and receptions so long as the goal of the public event is to inform citizens of the Sister City relationship and provides a chance for citizens to share ideas and knowledge of the Sister City relationship. The City may provide modest refreshments to encourage attendance and interaction between Shoreline citizens and Sister City delegates and staff.

11.6 GIFTS AND ADVERTISING

- Gifts intended to celebrate the Sister City relationship may be given to the Sister City as a governmental body in an amount commensurate to foster goodwill.
- The City may give away minor promotional items to delegates, staff and the public, such as t-shirts, key chains, mugs, and pens, which advertise the Sister City relationship.
- The City may expend public funds to advertise the Sister City relationship, such as through postings and fliers.