



Lompoc City Council Agenda Item

City Council Meeting Date: February 7, 2006

TO: Gary P. Keefe, City Administrator

FROM: Laurel M. Barcelona, Assistant City Administrator
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SUBJECT: NEW LEGISLATION PERTAINING TO REIMBURSEMENT OF OFFICIAL EXPENSES AND MANDATING BIENNIAL ETHICS TRAINING FOR CITY OFFICIALS

RECOMMENDATION: That City Council:

- A. Review Staff's report and approve revisions to the Lompoc City Council Handbook; City of Lompoc Handbook for Commission, Committee, and Board Members; and Chapter 39, TRAVEL REGULATIONS, of the Lompoc Administrative Procedures Manual to comply with new legislative mandates of Assembly Bill 1234; and
- B. Determine whether City staff required to file the financial disclosure, Form 700, pursuant to Council Resolution No. 5194(04), be included in the mandatory ethics training for City elected and appointed officials prescribed by AB 1234.

BACKGROUND:

Assembly Bill 1234 became effective on January 1, 2006. The bill relates to expense reimbursement for local officials, and mandates ethics training for local agency elected and appointed officials.

While the City of Lompoc has in place travel regulations that require City officials, department heads, and employees to submit a Travel Request and Expense Report Form for overnight travel to report expenses incurred in the performance of official duties, Staff has identified a need for minor revisions of City travel policies to comply with the statutes amended by AB 1234. Specifically, AB 1234 requires local agencies that reimburse their elected and appointed officials to adopt an expense reimbursement policy that specifies the kinds of activities that will be reimbursable. Additionally, AB 1234 requires the filing of expense and trip reports, accompanied by the receipts documenting each expense; requires that reasonable rates for travel, meals, lodging and other expenses be specified, or mandates the use of Internal Revenue Service (IRS) rates if no reasonable rate is stated; requires that members of the legislative body provide brief reports on their travel at the first regular public meeting after their return; and provides for civil and criminal penalties for violations of the approved policy for proper use of public resources.

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The second major component of AB 1234 is the requirement that city officials receive at least two hours of formal training in ethics principles and ethics laws every two years. All elected and appointed officials must receive this training, if the agency either compensates or reimburses actual and necessary expenses for members of any of its Brown Act legislative bodies for the performance of official duties. All elected and appointed officials include members of Council, Commissions, Committees, and Boards, as well as the City Attorney and City Administrator. The sufficiency and accuracy of the ethics training course must satisfy the requirements of the Fair Political Practices Commission and the California Attorney General. Records of participation are to be retained for five years.

DISCUSSION:

I. Expense Reimbursement Requirements

AB 1234 requires that expense reimbursement policies specify the kinds of activities that qualify a member of the legislative body to receive reimbursement of expenses related to travel, meals, lodging, and other actual and necessary expenses. This requirement applies to any local agency that reimburses members of a legislative body for actual and necessary expenses incurred in the performance of their official duties.¹

To comply with this requirement, revisions to the City Council Handbook include the following specific activities:

1. Communicating with representatives of regional, state, and national government regarding City business;
2. Attending educational seminars designed to improve officials' skills and information levels and to maintain currency for officials with professional education requirements;
3. Participating in regional, state, and national organizations whose activities affect the City's interests;
4. Attending official events of other cities, counties, and public agencies;
5. Implementing a City-approved strategy for attracting or retaining business to the City of Lompoc;
6. Attending outside agency meetings, including but not limited to, Northern California Power Agency, Transmission Agency of Northern California, Santa Barbara County Air Pollution Control District, Santa Barbara County Association of Governments, and League of California Cities; and
7. Such other expenditures approved in advance by the City Council.

¹ Cal. Gov't Code Section 53232.2(a), (b)

AB 1234 requires local agencies to use expense report forms and all expenses must be documented with receipts. The expense forms are public records subject to disclosure. The expense reimbursement policy must specify a “reasonable time” within which requests for reimbursement must be submitted.²

Chapter 39, TRAVEL REGULATIONS, of the City of Lompoc Administrative Procedures Manual, requires completion of the City Travel Request and Expense Report Form for overnight travel. To comply with the statutes of AB 1234, revision of the Travel Request and Expense Report Form will require receipts for all expenses, other than mileage and tips that are itemized, for reimbursement.

Revisions to the City Council Handbook and the City of Lompoc Handbook for Commission, Committee, and Board Members will require members to complete and submit a mileage log noting the destination, meeting or purpose of travel, date, and odometer reading for reimbursement after official trips. Additionally, members will be required to submit completed Travel Request and Expense Report Forms for reimbursement not later than thirty (30) days following his/her return.

AB 1234 provides that local agencies may specify what constitutes reasonable reimbursement rates for travel, meals, lodging and other expenses. If a local policy does not specify reasonable rates, then the reimbursable rates default to those specified in the Internal Revenue Service guidelines.³

Revisions to the City Council and Commissions, Committee, and Board Members Handbooks, and Chapter 39 of the Administrative Procedure Manual, specify reasonable rates for travel, meals, lodging and other expenses. Per-mile travel is reimbursed at the rate established by the IRS for business travel (44.5 cents per mile for 2006); meal costs are reimbursed to a maximum of \$50 per day (\$15 breakfast; \$15 lunch; \$20 dinner); and, lodging in connection with conferences may not exceed the maximum group rates published for the conference;⁴ otherwise, hotel rates that do not exceed \$175 per night (not including tax) are reimbursable, up to \$300 per night (not including tax) for extremely high cost cities, with prior approval from Administration, only when government or group discount rates are not available.

² Cal. Gov't Code Section 53232.3(c)

³ Cal. Gov't Code Section 53232.2(c)

⁴ Cal. Gov't Code Section 53232.2(d)

II. ETHICS TRAINING

AB 1234 requires that elected and appointed officials who are compensated for their service or reimbursed for their expenses must receive ethics training. Each local official shall receive at least two hours of training in general ethics principles and ethics laws relevant to his or her public service every two years.⁵ A local agency shall provide information on training available to meet the requirements of this article to its local officials at least once annually.⁶ The ethics training required by AB1234 must be completed by January 1, 2007.⁷ The Attorney General and Fair Political Practices Commission are in the process of adopting guidelines for course curriculum accuracy and sufficiency.

While statutes amended by AB 1234 require only that elected and appointed officials who receive compensation for their service or reimbursement of expenses attend ethics training, Council also has the option of requiring that certain other employees receive this training. Staff requests that Council consider whether to require certain City staff who file financial disclosure reports (Form 700), and generally are authorized to act with some independent discretion, such as selecting vendors or other parties to contract with the City, and/or carry out their duties under a fiduciary responsibility to the public, biennially attend a two-hour ethics training course. While training can be in-person, online, or self-study, the estimated individual cost for this training is approximately \$100, not including any additional costs for travel, lodging and meals. Selection of additional employees for ethics training is entirely at Council's discretion.

Attached for Council consideration is a copy of Resolution No. 5194 (04), Conflict of Interest Code, listing City employee positions requiring filing of financial disclosure reports (Form 700).

SUMMARY:

Attached for Council review is a copy of Assembly Bill No.1234, Chapter 700 of the Statutes of 2005. Revisions to the City Council Handbook; the Handbook for the City Commission, Committees, and Board Members; and Chapter 39, TRAVEL REGULATIONS, of the City Administrative Procedures Manual are also attached for Council review.

Staff researched IRS publications, as well as the U.S. General Services Administration (GSA) publications, to determine reasonable rates for mileage, meals, and lodging.

⁵ Cal. Gov't Code 53235(a),(b)

⁶ Cal. Gov't Code 53235(f)

⁷ Cal. Gov't Code 53235.1(a)

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City Attorney Sharon Stuart reviewed and approved all revisions to the City Council Handbook. Attached to Staff's report is a mileage log for Council, Commission, Committee, and Board members to log mileage for official City business travel, which is to be submitted monthly for reimbursement.

Staff recommends that Council determine whether City staff required to file the financial disclosure, Form 700, pursuant to Council Resolution No. 5194(04), be included in the mandatory ethics training for City elected and appointed officials prescribed by AB 1234.

Respectfully submitted,

Laurel M. Barcelona,
Assistant City Administrator

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Gary P. Keefe, City Administrator

Attachments:

- 1) [AB 1234 excerpts](#)
- 2) [Revisions to the Lompoc City Council Handbook, Part A2 and A12](#)
- 3) [Revisions to the City of Lompoc Handbook for Commissions, Committees, and Board Members, Page 28](#)
- 4) [Revisions to Chapter 39, TRAVEL REGULATIONS, of the Administrative Procedures Manual](#)
- 5) [Mileage Log](#)
- 6) [Resolution No. 5194\(04\), Conflict of Interest Code](#)