CITY OF POMONA
EXPENSE FUND ALLOCATIONS POLICY (CITY CHARTER 404(b))

- **COUNCIL EXPENSE AND REIMBURSEMENT POLICY (AB 1234)**
- **REGULATIONS FOR USE OF EXPENSE FUND ALLOCATION**
- **COUNCIL SPONSORSHIP POLICY**

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I. INTRODUCTION

The Mayor and City Councilmembers are appropriated funds annually that give each member of the Council equal access to opportunities for training and advocacy and for reimbursement of expenses. Section 404(b) of the Pomona City Charter limits the amount each Councilmember may be reimbursed each year for "...necessary expenses incurred in the performance of their official duties in connection with authorized city business." Section 404(c) of the Charter sets forth the reporting requirements for such necessary expenses. The maximum expense a Councilmember or the Mayor can incur within a year is defined by the Charter section and adjusted annually for inflation based on the Consumer Price Index (CPI-U) for the Los Angeles-Long Beach-Anaheim area. An allocation is provided to the Mayor and to each Councilmember at the beginning of each fiscal year, referred to as the Expense Fund for the Mayor and designated by district for each Councilmember. Any unspent funds are returned to the General Fund, and a new allocation is made for the following fiscal year in accordance with Pomona City Charter Section 1008.

The State legislature adopted AB 1234, which became law January 1, 2006. This law created new state requirements related to expenses and levels of reimbursement made to local officials. While city officials may be reimbursed for actual and necessary expenses in performing their official duties, AB 1234 requires local agencies to adopt a policy that specifies what constitutes a "necessary" expense and requires that levels be set for the authorized expenses.

AB 1234 specifically requires that expense levels for travel, meals, and lodging be contained in the adopted policy. If levels are not established for travel, meals and lodging expenses, the amount allowed for such expenses defaults to those specified in the Internal Revenue Service guidelines.

This policy is intended to meet all requirements of the Pomona City Charter, the Pomona City Code, applicable State law and AB 1234 by establishing what types of expenses are considered "actual and necessary expenses incurred in the performance of official duties" and setting expense and reimbursement levels representative of what the community considers reasonable.

RECITALS

WHEREAS, the City of Pomona takes stewardship over the use of its limited public resources seriously;

WHEREAS, public resources should only be used when there is a substantial benefit to the City of Pomona;

WHEREAS, the City of Pomona recognizes the value of professional conferences, educational seminars, meetings, and training for City officials who attend such events;

WHEREAS, such activities and opportunities that provide such benefits

include:

1. The opportunity to discuss the community's concerns with state and federal officials;
2. Participating in regional, state, and national organizations whose activities affect the City of Pomona;
3. Attending educational seminars designed to improve officials' skills and to be informed to the highest level; and
4. Promoting public service and morale by recognizing such service.

WHEREAS, this policy would satisfy the requirements of Government Code sections 53232.2 and 53233.3 in the event such requirements could be constitutionally applied to charter cities;

WHEREAS, this policy supplements the definition of actual and necessary expenses for purposes of state laws relating to permissible uses of public resources;

WHEREAS, this policy also supplements the definition of necessary and reasonable expenses for purposes of federal and state income tax laws; and

WHEREAS, this policy shall apply to the City Council and the City Council, sitting as the Successor Agency to the Pomona Redevelopment Agency and Pomona Housing Authority, who attend professional, educational, and similar events or travel to conduct City business.

WHEREAS, this new Expense Fund Allocations Policy is effective upon adoption by the City Council and fully replaces the former Council Expense and Reimbursement Policy as well as the Finding of Public Benefit practice.

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II. EXPENSE & REIMBURSEMENT POLICY

A. Expense Fund Allocations

Incurred expenses for any year shall not exceed the expense amount allowed pursuant to City Charter Section 404(b).

The Charter 404(b) Expense Fund shall be fully funded each Fiscal Year for the Mayor and each Councilmember. As part of the Expense Fund, the Mayor and each Councilmember may elect to participate in the Sponsorship Policy. If they elect to do so, then up to $18,000 for councilmembers and up to $23,000 for the Mayor, from this Expense Fund shall be placed into the Sponsorship Fund line item for the Mayor and each applicable district. The Mayor and councilmembers who choose to participate may then approve sponsorships in accordance with the Sponsorship Policy. If the Mayor or Councilmembers do not elect to participate, then their respective amounts (i.e., $18,000 for councilmembers and $23,000 for the Mayor) shall remain in their respective Expense Funds.

If the Mayor and Councilmembers wish to participate in the Sponsorship Policy, then they must opt in to participate no later than August 1 each Fiscal Year. They may choose the amount they wish to move to the Sponsorship Fund line item; however, once money is moved into that line item, it cannot be transferred between funds. Mayor and Councilmembers will have until June 30th each fiscal year to provide sponsorships.

In a Fiscal Year where the Mayor's or Councilmember's term ends, they shall only be eligible to use 50% of their allocation to ensure that if a different person is elected, that person will have remaining funds for the balance of the Fiscal Year.

B. Authorized Expenses Not Requiring Prior Approval

City funds, equipment, supplies (including letterhead and business cards), titles, and staff time may be used only for authorized City of Pomona business. Expenses incurred in connection with the following types of activities generally constitute authorized expenses, provided other requirements of this policy are met:

1. Meeting with representatives of regional, state, and national government on policy positions adopted by the City of Pomona;

2. Attending educational seminars designed to improve officials' skills and to be informed to a higher level;

3. Participating in regional, state, and national organization activities, which affect the City of Pomona's interests;

4. Attending events sponsored by the City of Pomona;

5. Participating in a City-approved strategy for attracting or retaining

businesses to the City of Pomona, which typically involves at least one City or Successor Agency staff member;

6. Recognizing service to the City (Goddess award when applicable; or gift not to exceed $50.00 in cost or value);

7. Equipment necessary for performing official duties (such equipment must be purchased through the Purchasing Division and be tagged and inventoried). Such equipment must be returned at the end of the term;

8. Local newspaper subscription;

9. Phone calls and other forms of communication necessary for conducting official City business;

10. Use of personal vehicle during the course of performing duties within the City consistent with the guidelines set forth in this Policy.

All other expenditures require <u>prior</u> approval by the City Council. Approved expenses may not exceed the annual limit set by City Charter section 404(b).

C. **Expenses that require <u>prior</u> approval by the City Council.**

1. International travel;

2. Expenses exceeding $2,000 per trip or expense.

D. **Expenses that the City will <u>not</u> reimburse include, but are <u>not</u> limited to:**

1. The personal portion of any trip;

2. Contributions for political or charitable purposes,

3. Family expenses, including partner's expenses when accompanying official on agency-related business, as well as children - or pet-related expenses (The Attorney General has opined that such expenses are not reimbursable.);

4. Personal entertainment expenses, including theater, movies (either in-room or at the theater), sporting events (including gym, massage and/or golf related expenses,) or other cultural events;

5. Non-mileage personal automobile expenses, including repairs, traffic citations, insurance or gasoline; and

6. Personal losses incurred while on City business.

Any questions regarding the propriety of a particular type of expense should be resolved by the City Manager before the expense is incurred.

E. Cost Control. In order to conserve City resources and to keep expenses within community standards for public officials, expenditures should adhere to the following guidelines. If an expense is incurred, which exceeds the approved level(s), the amount paid or reimbursed by the City will be limited to the cost(s) that fall within the guidelines.

1. When a City Councilmember utilizes his/her personal vehicle in the course of conducting official City business, reimbursement shall be at the current rate authorized by the Internal Revenue Service (see www.irs.gov).

2. Telephone/Fax/Cellphones. Expenses shall be paid for Officials' City-issued telephone, accompanying phone plan, and fax expenses incurred on City business. Expenses incurred on personal cell phones or telephone bills will not be reimbursed.

[Pursuant to AB 1234, local agencies that do not adopt standards for the following travel-related expenses shall use the Internal Revenue Service rates for reimbursement.]

3. Travel. The most economical mode and class of transportation reasonably consistent with scheduling needs and cargo space requirements must be used, using the most direct and time-efficient route. Government and group rates must be used when available.

a. Airfare. Airfares that are equal or less than those available through the Enhanced Local Government Airfare Program offered through the League of California Cities (www.cacities.org/travel), the California State Association of Counties and the State of California are presumed to be the most economical and reasonable for purposes of reimbursement under this policy.

b. Automobile. Automobile mileage is reimbursed at Internal Revenue Service rates presently in effect *(see* www.irs.gov). For 2025, the rate is $.70 per mile. These rates are designed to compensate the driver for gasoline, insurance, maintenance, and other vehicle operating expenses. This amount does not include bridge and road tolls, which are also reimbursable.

c. Car Rental. Rental rates equal or less than those available through the State of California's website (http://www.catravelsmart.com) shall be considered the most economical and reasonable for reimbursement under this policy.

d. Taxis/Shuttles. Taxi or shuttle fares may be reimbursed, including a 15 percent gratuity per fare, when the cost of such fares is equal or less than the cost of car rentals, gasoline and parking combined, or when such transportation is necessary for time-efficiency

4. Lodging. Lodging expenses will be reimbursed or paid for when travel on official City business is required, traveling ***more than 50***

miles from the City of Pomona to the destination.

a. Conference Lodging. If such lodging is in connection with a conference, lodging expenses must not exceed the group rate published by the conference sponsor for the meeting in question if such rates are available at the time of booking. If the group rate is not available, see next section.

b. Other Lodging. When making arrangements for lodging, a request should always be made for a government rate. If such a rate is available and lower, it should be used.

Some cities exempt a government employee traveling on government business from the local transient occupancy tax (TOT), employees must ask for this exemption.

5. Meals. Meal expenses and associated gratuities shall be reimbursed at the per diem rates published by the federal government on the Per diem rates | GSA, depending upon the location of travel.

When meals are provided as part of a conference or other authorized trip, reimbursement or advance will not be made for alternate meal expenses that would have been otherwise covered in the authorized conference expense.

The City shall not pay for alcohol or bar expenses.

6. Airport Parking. Long-term parking must be used for travel exceeding 24 hours, and a receipt shall be submitted for reimbursement.

7. Other. Baggage handling fees of up to $1 per bag and gratuities of up to 15 percent will be reimbursed. Expenses for which City officials receive reimbursement from another agency are not reimbursable.

8. Credit Card Use. City Officials may use an Admin-issued credit card for such purposes as airline tickets and hotel reservations. Expenses charged to the City Admin credit card must be supported with Receipts documenting expenses charged on the City credit card in compliance with this policy and as outlined in section I below.

a. Admin credit cards shall not be used under any circumstances for personal expenses, even if the official subsequently reimburses the City.

b. Reports to Governing Board. At the next regular meeting of the City Council, the official who attended a meeting/conference, etc. shall make a brief written or verbal report on the meeting/event/conference, etc. attended at City expense. If multiple officials attended, one official may make a joint report.

F. Expense Report Content and Submission Deadline. All cash advance expenditures, credit card expenses, and expense reimbursement requests must be submitted on an expense report form provided by the City. This form shall include the following advisory:

[i.e. All expenses reported on this form must comply with the City's policy relating to expenses and use of public resources. The information submitted on this form is a public record. ***Penalties for misusing public resources and violating the City's policies include loss of reimbursement privileges, restitution, civil and criminal penalties, as well as additional income tax liability.)***

1. Expense reports must document how the expense in question met the requirements of this policy. For example, if the meeting is with a legislator, the City Official should explain whose meals were purchased, what issues were discussed, and how those relate to the City's adopted legislative positions and priorities.

2. City Officials must submit their expense reports for each preceding month by no later than the end of the business day of the last day of the month following the expenditure, accompanied by receipts documenting each expense. Restaurant receipts, parking receipts, in addition to any credit card receipts, are also part of the necessary documentation.

   Inability to provide such documentation in accordance with this policy could result in the expense being borne by the official.

   It shall be the obligation of each elected official or staff member incurring the expense and seeking the reimbursement of the expense to be personally responsible for completing the City's reimbursement form.

G. Audits of Expense Reports. All expenses are subject to verification that they comply with this policy.

H. Compliance with Laws. City officials should keep in mind that some expenditures may be subject to reporting under the Political Reform Act and other laws. All City expenditures are public records subject to disclosure under the Public Records Act and may be subject to other State and Federal laws.

I. Changes to Policy. Any change to this policy shall be approved by the City Council at a regularly scheduled public meeting.

J. Violation of This Policy. This policy is mandated by State law. Use of public resources or falsifying expense reports in violation of this policy may result in any or all of the following:

1. Loss of reimbursement privileges;

2. A demand for restitution to the City;

3. The City's reporting the expenses as income for the elected official to state and federal tax authorities;

4. Civil penalties of up to $1,000 per day and three times the value of the resources used;

5. Prosecution for misuse of public resources.

III. REGULATIONS FOR USE OF EXPENSE FUND ALLOCATION

The City Charter, Section 404(b), provides for Mayor and Councilmember Expense Funds. The regulations set forth below will guide the Mayor, Councilmembers, and staff on how these allocated funds can be used to ensure transparency and legal compliance.

1. Discretionary funds, per the City Charter, are to be used to support activities of the Mayor and Councilmembers in the performance of their official duties in connection with authorized business. These regulations will define authorized city business for the purpose of ensuring integrity, accountability, and fairness.

2. Discretionary funds may not be used for any of the following:
    a. direct grants to individuals
    b. for-profit organizations
    c. Political Actions Committees (PAC), political candidates, or political campaigns
    d. for an organization to challenge City activities, plans, or actions approved by the majority of the council
    e. payment of outstanding debts
    f. purchase of alcohol and tobacco
    g. travel, meals, lodging (not related to City business), or entertainment
    h. improvements for privileged owned structures or real property
    i. general operating expenses
    j. Catering or full meals at meetings, events, activities

3. Discretionary Funds may be used as follows:
    a. To support community informational meetings held on City property only. For these meetings, funds may be used to provide light refreshments (i.e., coffee, tea, water, juice) and snacks (i.e., cookies, nuts, pastries, fruits, vegetables, pizza, sandwiches).
    b. To purchase meeting materials such as pens, pencils, writing paper, etc.

IV. COUNCIL SPONSORSHIP POLICY

PURPOSE

This Policy aims to establish a City Council Sponsorship Policy along with guidelines for the disbursement of funds from the Mayor and City Council Expense Funds, as provided by Pomona City Charter Section 404(b). This Policy allows the Mayor and City Councilmembers, who choose to participate, to approve sponsorships of programs, services, and special events offered or produced by eligible non-profit organizations that are in good standing and deliver programs, services, or events within the City of Pomona.

BACKGROUND

The Council Expense and Reimbursement Policy provides that during the Fiscal Year in which the term of the Mayor or a Councilmember ends, the incumbent may not use more than 50% of the amount allocated to the Expense Fund. Likewise, for purposes of this Policy, during the Fiscal Year in which the term of the Mayor or a Councilmember ends, they cannot award more than 50% of their Sponsorship Allocation.

POLICY

This policy governs the approval of Mayor and individual Councilmember discretionary sponsorships by the City of Pomona ("City") for special events, programs, and services organized by local entities (limited to nonprofit organizations). Under this policy, and as authorized by the Mayor or the applicable Councilmember, the City will consider entering into sponsorship agreements that advance the City's mission by offering monetary or in-kind support for special events hosted by nonprofit organizations in the City.

However, the City recognizes that the public trust and perception of its integrity and impartiality may be damaged by sponsorships that:

a) establish, or are perceived as establishing an inappropriate association;
b) are perceived to be politically oriented;
c) are offensive to segments of its citizenry; or
d) are aesthetically displeasing.

Therefore, the City will only consider sponsorships as outlined in this policy.

A. Sponsorship Opportunities

1. **Available Funds** – Each Councilmember will be allotted up to $18,000 and the Mayor up to $23,000 from their Expense Fund per fiscal year (contingent upon annual City Budget approval), to sponsor Special Events for eligible applicants whose events and programs support the City's mission and provide a community benefit. The Mayor or respective Councilmember will have the authority to approve sponsorship requests, and staff will process the sponsorship request(s) accordingly. Applicants (nonprofit organizations or city-recognized neighborhood associations) may request sponsorship funds by submitting a Sponsorship Request Form ("SRF") online on the City website under the Mayor and City Council webpage. All sponsorships are subject to the terms and conditions outlined in the policy.

   Mayor and each Councilmember who wishes to participate in the Sponsorship Policy must opt in to participate no later than August 1 each Fiscal Year. They may choose the amount they wish to move to the Sponsorship line item; however, once money is moved into that line item, it cannot be transferred between funds. Mayor and Councilmembers will have until June 30th each fiscal year to provide sponsorships.

2. **Eligible Applicants**

   a. Nonprofit Organizations: Qualifying nonprofit organizations that are incorporated as nonprofit charitable organizations that are tax-exempt under section 501(c)(3) of the Internal Revenue Code are eligible for sponsorship funds via direct payment.

b. Neighborhood Associations*:* In the absence of 501(c)(3) status, City-recognized neighborhood associations may be eligible for sponsorship funds in the form of a direct payment to a 501(c)(3) entity acting as a fiscal sponsor for the association.

c. Eligible organizations may get approved for no more than two requests per fiscal year for a grand total amount not to exceed $6,000 per fiscal year for any one entity.

3. Ineligible Applicants

a. Entities that promote the sale or consumption of tobacco products;
b. Entities that promote the sale or consumption of illegal drugs;
c. Entities that promote gambling;
d. Entities that promote the sale or consumption of alcoholic beverages, or that primarily sell alcoholic beverages such as bars, but not including restaurants;
e. Sexually oriented businesses as defined in Section 30-191 of Division 1 of Article IV, Adult Oriented Business, of the City Code, and entities that promote the sale or dissemination of erotic materials or services;
f. Political parties or political advocacy groups;
g. Inappropriate expenditures such as professional sporting events, alcohol or jewelry.

4. Use of Sponsorship Funds - The sponsorship funding may be applied towards the following:

a. Special Event expenses;
b. Ongoing program costs/expenses;
c. Special Events Application or Permit fee;
d. Reservation fees for facilities and equipment owned by the City;
e. City staff time, if required, including Police Department staff services;
f. Liability Insurance Fee (if acquired from the City).

5. Sponsorship Request Form (SRF) – A SRF may be accessed via the City of Pomona website. When submitted, a SRF must include the following information:

a. Contact Information;
b. Organization Information, must indicate a valid Tax ID #;
c. Must designate the payee
d. Event Location;
e. Description of Event/Purpose;
f. Community Benefit (identify how the event, program, service will benefit the community and/or the event participants, briefly describe the positive impact to the community).
g. Applicant Signature and Date;
h. Applicants must submit a current W-9 Form with pertinent information and signature.
i. If the Council approves the request, an event agreement will need to be submitted prior to obtaining the funds.
    a. Acceptance of sponsorship funds must also be acknowledged in event advertisements or communications with the community.
    b. If the event is canceled for any reason, funds must be returned to the City.

B. Eligibility Criteria

The City shall consider the following non-exclusive criteria:

1. Whether the expenditure is normal and customary;
2. The relationship and importance of the event to the City's mission;
3. Whether, and the extent to which, the event furthers one or more of the City Council's adopted focus areas;
4. Whether and the extent to which the event will create financial or administrative burdens on the City or require additional personnel;
5. The extent and prominence of communications to the public regarding the event;
6. The aesthetic characteristics of communications to the public regarding the event;
7. Whether the sponsorship will establish, or will be perceived as establishing an inappropriate association;
8. Whether the event is, or will be perceived to be politically oriented;
9. Whether the event is, or will be perceived to be religiously oriented;
10. Whether the event is, or will be perceived to be offensive to segments of the City's citizenry;
11. Whether the persons or organizations affiliated with the event manufacture products, take positions, or otherwise engage in activity that is/are inconsistent with local, state, of federal law, or city policies, city mission, or council's focus areas;
12. Other factors that might undermine public confidence in the city's impartiality or interfere with the efficient delivery of city services or operations.

C. Procedure

1. **Initial Review & Eligibility** – Applicants must submit a Sponsorship Request Form (SRF) online. SRFs are only available on the City of Pomona's webpage under "Mayor & City Council".
    a. City Manager's Office (CMO) staff will review the SRF for eligibility and verify that the non-profit organization is listed and in good standing with the State of California and the IRS.
    b. CMO staff will forward SRFs to the Mayor or City Councilmember(s) from whom the sponsorship was requested to obtain pre-approval of the sponsorship amount.

2. **Pre-Approval** – SRF must be pre-approved by the Mayor or Councilmember in order to grant the sponsorship request.

3. **Approval** – Once the CMO staff verifies that the Sponsorship Request Form meets the eligibility criteria and the respective Councilmember approves the request, then the CMO staff will contact the applicant via email to notify them of the approval and explain the payment process.

4. **Direct Payment Voucher (DPV)** – On the Sponsorship Request Form, the CMO staff will fill out the "City Use Only" section, obtain the Mayor/Councilmember's signatures, then process the SRF via the City's Direct Payment Voucher process through the City's Finance Department.

5. **Payment Confirmation** – CMO staff will update the tracking spreadsheet and inform the respective Councilmembers of their available balance for that fiscal year.

6. **Election Years** – In July, on election years, CMO staff will be responsible for sending a reminder to Councilmembers: “during an election year, each Councilmember may spend no more than half of the allocated amount prior to December 31.”

7. **Oversight** – CMO staff is responsible for providing the City Council with quarterly updates of approved sponsorships, using a Receive & File agenda item to the City Council. CMO staff will manage and track each Councilmember’s allocation per fiscal year and obtain review by the Finance Department for each approved DRF and on the Council quarterly update.

8. **Questions/Concerns** – Should be directed to the CMO staff.