AC TRANSIT DISTRICT
Board of Directors
Executive Summary
Meeting Date: February 21, 2002

Committees:
Executive Committee [x ] Operations Committee [ ]
External Affairs Committee [ ] Planning Committee [ ]
Board of Directors [ ]

Subject: CONSIDERATION OF AMENDMENTS TO BOARD POLICY NO. 180A REGARDING THE USE OF TRAVEL MONIES FROM ONE FISCAL YEAR TO ANOTHER AND ALLOWING OVERNIGHT ACCOMMODATIONS IN THE COUNTIES OF NAPA, SANTA CLARA AND SONOMA

RECOMMENDED ACTION: [ ] Information Only [ X ] Recommended Motion

Consideration of amendments to Board Policy No. 180A for the following:

1. Determine whether to amend Board Policy No. 180A to prohibit Directors from using their travel monies from one fiscal year to another; and
2. Allow reimbursement of overnight accommodations in the counties of Napa, Santa Clara and Sonoma.

Fiscal Impact:
N/A

Background/Discussion:

Reasons Why These Two Changes To Policy No. 180A Are Being Considered

At the July 15, 2001 Board meeting, under agenda planning, Director Piras requested a review of the provisions of Board Policy No. 180A regarding the use of travel monies from one fiscal year to another.

BOARD ACTION: Approved as Recommended [ ] Other [ ]
Approved with Modification(s) [ ]

"To be filled in by Board Secretary after Board/Committee meeting"

The above order was passed and adopted on ___________________, 2002.

Rose Martinez, District Secretary
By ________________________________
At the January 24, 2002 Board Meeting, Director Wallace requested a review and possible amendment to the policy because of the time needed to travel from Alameda and/or Contra Costa County to meetings in counties as far away as Napa and Santa Clara.

1. PROPOSED AMENDMENT REGARDING USE OF TRAVEL MONIES FROM ONE FISCAL YEAR TO THE NEXT

Action Taken At The December 13, 2001 Board Meeting

By consensus this item was returned to the Executive Committee for further review.

Recommendation from the November 15th Executive Committee Meeting

Because only two members of the Executive Committee were in attendance on November 15th (Vice President Peeples and Director Cross) no agreement was reached on the item and it was sent on to the Board without recommendation.

Content of the Memo Considered by the Executive Committee on November 15th

Section III.C. of Board Policy No. 180A allocates $7,000 to each Director and $9,000 to the Board President for reimbursement for travel and meeting expenses undertaken in accordance with the policy.

The question has been poised whether it is appropriate for a Director (including the Board President) to use monies allocated, but not totally used, in one fiscal year to pay for travel occurring in the next fiscal year?

If the answer to this question is “yes,” then the Committee should make that recommendation to the Board of Directors.

If the answer to this question is “no” or “only to a limited extent,” then the Committee should consider recommending the following amendment to Subsections III.C.1. and 4., with or without changes by the Committee:

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1Because Board Presidents are elected in January of each year, the policy permits $2,000 for the first half of a fiscal year and $2,000 for the second half. If the same Director remains as President, he/she would be entitled to use up to $11,000 in a fiscal year in which the re-election occurs.
GM Memo No. 01-311b
Subject: Use of travel monies from one fiscal year to another and allowing overnight accommodations in the counties of Napa, Santa Clara and Sonoma.
Date: February 21, 2002
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“1. Directors: Excluding attendance at and travel to and from meetings authorized by Board action on June 9, 1999, reimbursement for travel and meetings expenses shall be limited to $7,000 per Director per fiscal year. A Director may not use any funds remaining from his/her travel allocation in one fiscal year to pay for travel in the next fiscal year. This limitation shall not be applicable to payment such as prepayment of conference registrations, airfare or hotel costs) in an existing fiscal year for travel that travel occurs, or is scheduled to occur, within the first two months of the next fiscal year.”

2. PROPOSED AMENDMENT REGARDING PERMITTING OVERNIGHT STAYS IN CERTAIN BAY AREA COUNTIES

Section IV.A.1. of Policy 180A presently prohibits reimbursement for overnight accommodations in the nine Bay Area counties. When this limitation was initially proposed, probably in October 1989 when the policy was first adopted, traffic within the Bay Area wasn’t as congested as it is presently. The need to stay overnight in any of these counties was deemed unnecessary. However, anyone who has traveled to meetings and conferences within the Bay Area knows that travel to meetings or conferences in the region can be difficult.

Director Wallace, based on personal experience in attending a conference in San Jose, has requested a modification of the policy’s restrictions, at least regarding the limitation on Santa Clara County. However, staff would note that Napa and Sonoma counties present similar challenges.

The issue for the Committee is whether to recommend the change to Section IV.A.1., as proposed in the attachment, or to leave the prohibition as it exists with the ability of the Board to grant exceptions on a case by case basis. Even if the Committee recommended the proposed amendment, it may wish to consider providing for periodic review of the amendment (annually or bi-annually) or a sunset provision that would automatically cause the section to revert after a specific date.

Prior Relevant Board Actions/Policies:

From time to time the Board has amended Board Policy No. 180A. The most recent amendment occurred in January 2001.
GM Memo No. 01-311b
Subject: Use of travel monies from one fiscal year to another and allowing overnight accommodations in the counties of Napa, Santa Clara and Sonoma.
Date: February 21, 2002
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Attachments:
Section IV.A.1 of Board Policy 180a

Prepared and Approved by:

Kenneth C. Scheidig, General Counsel

Date Prepared:

February 13, 2002
AC TRANSIT

POLICY NO.

180A

BOARD POLICY

Category: Board & General
Administrative Matters

TRAVEL, MEETING AND MISCELLANEOUS
EXPENSE REIMBURSEMENTS
FOR DIRECTORS AND OFFICERS

I. PURPOSE

The purpose of this policy is to establish basic procedures relative to travel, meeting and miscellaneous expenses incurred by the members of the Board of Directors and Officers of AC Transit District in the performance of their duties; to define authorizations required to incur such expenses; to ensure uniform and fair payment of expenses; and to establish procedures for securing reimbursement.

The General Manager shall prepare and implement a separate management procedure establishing appropriate travel and meeting expense reimbursement guidelines for employees of the District.

II. DEFINITIONS

1. "Directors" shall mean the members of the Board of Directors of AC Transit District.

2. "Officers" shall mean those enumerated in Public Utilities Code Sections 24926 and 24930, namely, the General Manager, General Counsel, and District Secretary.

3. "District Business" shall mean carrying out the responsibilities and duties of the office or position held by Directors or Officers.

4. "Conference" shall mean official functions or gatherings of professional or transit organizations.

5. "Board Meeting" shall mean any official meeting of the AC Transit Board of Directors, or any committee meeting of the Board of Directors.

Board Policy 180A: Travel, Meeting and Miscellaneous Expense Reimbursements for Directors and Officers

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Adopted: 10/89


February 7, 2002

Mileage Amended: 1/96, 1/98, 4/99, 1/01
6. "Meeting" shall mean any meeting other than a "Board Meeting" as defined above.

7. "Personal Business" shall mean the conduct of business for personal financial gain at a conference or meeting which is not specifically related to District business.

8. "Political Function" shall include any type of function for a political party or elected official, including but not limited to, fund-raises, roasts and retirement functions.

III. TRAVEL AUTHORIZATION AND APPROVAL

A. OUT-OF-STATE TRAVEL

All out-of-state travel for Directors and Officers to attend a conference or a meeting related to District business and at District expense, subject to the limitations in this policy, shall be approved by action of the Board of Directors prior to incurring expenses. In unusual or emergency circumstances, if prior Board approval is not possible, the Board President may approve out-of-state travel for Directors and Officers. In such emergency situations, the travel authorization shall be presented to the Board of Directors for ratification at its next scheduled Board meeting.

B. IN-STATE TRAVEL

1. Each Director is authorized to travel at District expense within the state when in his/her judgment, such travel is required in connection with a conference or meeting related to District business and at District expense, subject to the limitations in this policy. Directors shall notify other Directors and the Officers of their planned attendance prior to such attendance.

2. Each Officer is authorized to travel within the state when in his/her judgment, such travel is required in connection with a conference or meeting related to District business and at District expense, subject to the limitations in this policy. Notification to the Board of Directors of travel and absences from the area shall be in accordance with separate Board Policy relating to leave for Board-Appointed Officers.

C. LIMITATIONS

1. Directors: Excluding attendance at and travel to and from meetings authorized by Board action on June 9, 1999, reimbursement for travel and meetings expenses shall be limited to $7,000 per Director per fiscal year.

Board Policy 180A: Travel, Meeting and Miscellaneous Expense Reimbursements for Directors and Officers

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Adopted: 10/89


February 7, 2002

Mileage Amended: 1/96, 1/98, 4/99, 1/61
2. Board President: In addition to the limitation in Subsection 1, above, the President of the Board of Directors shall be entitled to an additional $2,000 expense reimbursement during the first half of the fiscal year and $2,000 being available during the second half of the fiscal year. Since the Board President is elected in January of each year, this split provides for an equitable distribution of the additional sums for this position.

3. Adjustments in Authorizations: The amounts listed in Section 1 above shall be automatically adjusted (on a prorated basis) in any given year if inadequate or additional budget appropriations are authorized by the Board.

4. Officers: Travel and meeting expenditures by Officers shall not exceed approved budget appropriations and associated fiscal policies established therewith.

5. Personal Business: The District shall not be responsible for any travel associated with personal business. If a Director or Officer attends a conference or meeting for which reimbursement is claimed that also includes personal business, the Director or Officer shall only seek reimbursement for the expenses associated with the conduct of District business. The Director or Officer shall disclose, prior to the approval of the travel, when required by this policy, of the dual nature of any travel and the portion undertaken on behalf of the District.

D. OUT-OF-STATE TRAVEL - REPORTS

For any out-of-state travel, the Director shall provide, not later than the submittal of the expense report for the trip, a brief written summary of his/her activities and/or information learned during the trip. Attachments and/or other substantive materials from the trip are encouraged, but not required. The District Secretary shall coordinate distribution of such memorandum(a) to Directors, Officers and such other staff as the General Manager may designate, but shall not be responsible for the preparation of such memorandum(a).

IV. TRAVEL AND MEETING REIMBURSABLE EXPENSES

A. ACCOMMODATIONS:

1. No reimbursement is authorized for overnight accommodations in the counties of Alameda, Contra Costa, Marin, Napa, Santa Clara, San Francisco, San Mateo, Solano or Sonoma. The Board may authorize a waiver of this provision if exceptional circumstances can be documented to justify its waiver.
2. Reimbursement for hotel or motel lodging expenses will be on the basis of actual expenditure but shall not exceed the standard room rates at official conference hotels for single occupancy.

B. TRANSPORTATION

1. Travel up to 150 miles one-way may be by private automobile. Reimbursement shall be at the rates prescribed by the Internal Revenue Service. Reimbursement for modified vehicles for disabled individuals shall be reimbursed at the rate authorized by the State of California Department of Rehabilitation.

2. When actual mileage exceeds by 10% the reasonable distance between points, the Director or Officer must justify such excess, otherwise reimbursement will be made only on the most direct route.

3. Travel to destinations over 150 miles one-way will be paid at mileage or airfare cost, but in no event shall the reimbursement exceed the value of coach airfare and related surface travel authorized in subsection 4, below. All efforts should be made to obtain the lowest available fare by making reservations well in advance of departure.

4. Other Transportation Costs: The following expenses shall be authorized when such services are the lowest available cost given the circumstances of the travel:

   (a) Travel to and from airports, including private automobile mileage, taxis, airport shuttles or buses. Public transportation shall be the preferable method of travel, whenever feasible or when other more cost effective transportation is not available.

   (b) Storage, parking, toll and baggage handling charges when such charges are reasonable and necessary.

   (c) Automobile rental expenses shall be only authorized in those unusual situations where a written explanation is presented with the expense reimbursement claim showing that the rental fees are the most cost effective means of travel.

5. Frequent Flier Miles: If a Director or Officer purchases airline tickets (and then directly requests reimbursement from the District), or the tickets are purchased directly by the District, the Director or Officer may retain “frequent flyer” miles for which he/she may be eligible. Any frequent flyer miles paid for or reimbursed by the District should, whenever possible, be used for air travel on District business.

C. MEALS:

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Board Policy 180A: Travel, Meeting and Miscellaneous Expense Reimbursements
for Directors and Officers

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Adopted: 10/89


February 7, 2002

Mileage Amended: 1/96, 1/96, 4/99, 1/01
1. While attending conferences, reimbursement shall be made for moderately-priced business meals upon the submission of complete documentation.

2. Except when the per diem option is exercised, as noted in Item C.3., in no event shall reimbursement for meal expenses exceed $60 per day per Director or Officer. Expenses for conference luncheons, special banquets, or other set-price official affairs which exceed this limitation will be reimbursed on the basis of actual expenditure upon presentation of documentation of the set price.

3. In lieu of supplying receipts and other documentation for meals while attending conferences, as provided in Item C.1., Directors or Officers may elect to claim $50 per day (per diem). Per diem will be allowed in full only when:

   (a) the conference is located beyond the nine Bay Area counties (Alameda, Contra Costa, Marin, Napa, Santa Clara, San Francisco, San Mateo, Solano or Sonoma),

   (b) for the days of actual travel to and from the conference using the most direct route and expeditious means of transportation, depending on the location of the conference, and

   (c) while in attendance at the conference.

4. Meal expenses, not related to out-of-town conferences or Board meetings, shall only be reimbursed when such expense is related to official District business and the individual is precluded from taking meals at home or in the customary manner. Receipts are required for all such expenditures and shall be itemized on an individual basis stating the purpose and expense.

5. Reimbursement for meal expenses shall be limited to those meals taken by Officers or Directors; except reimbursement to Officers or Directors for meal expenses for non-district personnel shall be permitted when the claim for reimbursement identifies who is included in such District business meeting and the nature of the District business.

"Non-district personnel" as used in this section shall include any individuals that are not covered under the definition of "Director" or "Officer" in this policy or under the definition of "Employees" in the District's Travel and Meeting Expense Reimbursement Administrative Regulation No. 180B.
6. Reimbursement for alcoholic beverages as part of meal expenses shall not be permitted unless said expense is part of a fixed-price conference or meeting event and separation of such expense from the total cost is not possible.

D. OTHER:

1. Registration: Registration fees for conferences or meetings will be paid at actual cost. Official literature indicating the cost of registration and conference or meeting dates must accompany the request for approval of travel as required by this Policy.

2. Telephone: Reimbursement for District business related telephone toll charges and facsimile charges shall be authorized. Any telephone or facsimile charges in excess of $5.00 per day shall be itemized to include to whom the call is made or facsimile is sent and the nature/need for the call or facsimile.

E. DISABLED PERSON'S ATTENDANT:

Disabled Directors or Officers requiring the services of an attendant while traveling on District Business may be reimbursed for expenses of the attendant as provided herein.

1. The cost of personal services of an attendant may be reimbursed in an amount not to exceed $65 per day without prior Board approval. All reimbursement shall be made directly to the Director or Officer requiring said service.

2. Disabled individuals who require the services of an attendant may be reimbursed for actual hotel or motel lodging expenses for the attendant, but this expenditure shall not exceed the standard room rates for official conference hotels for double occupancy.

3. Subject to the provisions of Section IV.C., above, a personal attendant for a disabled individual shall be entitled to receive reimbursement for meals, provided appropriate documentation is provided, or receive a $50.00 per diem in lieu of providing receipts.

4. Expenses reimbursed under this provision shall not apply to annual expense authorization limits established in Section III.B.

F. BOARD OF DIRECTORS MEETING EXPENSES:
1. For meetings within the District at sites other than the General Offices, reimbursement shall be based on the Internal Revenue Service rate and is calculated on the difference in mileage between the General Offices and the other location.

2. For meetings outside of the District, mileage will be reimbursed at the Internal Revenue Service rate based on the distance from the General Offices and the location of the meeting.

G. RESTRICTIONS:

1. If, for personal convenience, a Director or Officer uses an indirect route to travel or travels by a direct route that is interrupted, except for reasons beyond the control of the individual, any resulting additional expense will be borne by the claimant.

2. If travel is for multiple purposes, e.g., District business and personal business, only the prorated or lowest amounts for expenses incurred in the travel related to the District’s business will be paid by the District.

3. Reimbursement of costs or travel expenses incurred while attending a political function shall not be authorized.

4. No District credit cards shall be issued to any Director. Board Officers may be issued a District credit card for use consistent with expenses otherwise reimbursable in accordance with this policy and subject to the provisions of the Administrative Regulation regarding the use of AC Transit Corporate Purchase Card, except to the extent that those regulations conflict with the provisions of Board Policy No. 180A.

V. MISCELLANEOUS EXPENSES

A. NON CAPITAL MISCELLANEOUS EXPENSES

Directors are authorized to submit claims for incidental expenses when said expenses are incurred in connection with District business. Examples of incidental expenses include but are not limited to:

1. Memberships, dues or subscriptions to professional or transit organizations or publications which enhance the Directors’ ability to perform official business.

2. Incidental office supplies or postage related to and required for the conduct of District business, e.g. envelopes, stamps, paper, etc.

3. Long-distance telephone charges incurred as part of the conduct of District business.
B. CAPITAL MISCELLANEOUS EXPENSES

The District shall provide a facsimile machine and/or a cellular phone to each Director upon request of the Director and acknowledgment by the Director of the waiver of privacy regarding records of the use of said equipment, as provided in Section VII.1. The cost for these capital items, including any monthly charge, shall be charged against the amount of money provided to each Director under Section III.C. These capital items are to be used primarily for District business. Each Director shall pay the incidental expenses associated with that Director’s personal use of this equipment, e.g., non-District related telephone and facsimile calls. Except as specifically provided in this subsection, a Director may not use his/her Section III.C. allocation for any other capital expenses or equipment nor shall the District provide a Director with any capital items not specifically authorized by this subsection. Capital equipment shall remain the property of the district and shall be returned to the District upon separation.

C. LIMITATIONS

Expenses incurred relating to Section V.A.1. shall be included in the limitation computations established in Section III.C.

VI. REIMBURSEMENT

1. An advance for travel expenses, in an amount representing estimated expenses, may be secured upon application to the General Manager or his/her designee.

   Accounting of cash advances shall be done on the same form and at the same time as required for rendering claims for reimbursements. In the event an expense claim reimbursement covering a cash advance is not submitted in the time set forth in the following section, the full advance shall be deducted from subsequent compensation payments to said Director or Officer.

2. All claims for reimbursement from Directors or Officers shall be prepared on a District Expense Report form and shall be presented for payment monthly or upon completion of a trip, but in no event later than the last day of the month following the month in which the expense was incurred.

3. All claims for reimbursement shall include an itemization of expenses, provide a brief explanation of the purpose of the conference or meeting and shall include receipts or vouchers for all expenses including transportation, lodging, meals (where the per diem option is not used), etc. Documentation, such as a charge statement or airline boarding passes, which do not provide details of such expenditures will be deemed inadequate for purposes of reimbursement. If a receipt cannot be obtained or has been lost, a statement to that effect shall be made on the expense report form and the reason given. In the absence of an
explanation satisfactory to the applicable approving authority, the amount involved shall not be allowed.

4. All claims for reimbursement shall include a statement, signed by the individual submitting the request for reimbursement, that the expenses are actual expenses incurred while on District business and that the expenses conform to the District's policy on travel, meeting and miscellaneous expenses.

5. Directors, the General Counsel and the District Secretary shall submit their District Expense Reports (and for the General Counsel and District Secretary any monthly statements for the use of a District credit card) to the General Manager, or his/her designee, for review and determination that: (1) the claims for reimbursement (or the charges to a District credit card) are in accordance with this policy document; and (2) the necessary budgetary funds are available for disbursement.

6. The General Manager shall submit his/her expense reports (including monthly statements for the use of a District credit card) to the Board President, or Vice-President in his/her absence, for the determination outlined in Section VI.5.

VII. REVIEW OF EXPENDITURES AND AMENDMENTS OF POLICY

1. On a quarterly basis, an itemized summary of year-to-date travel, meeting and miscellaneous expenses for Directors and Officers, reimbursed pursuant to this policy, shall be submitted to the Board of Directors for review. However, said report shall not include expenses related to meetings of the Board of Directors as a whole or their Standing Committees.

As part of the review of the quarterly reports, the Board shall monitor the types of District business necessitating business expense reimbursement, may seek clarification to the nature of any given business expenses, and may establish restrictions to future authorized expenses.

The Board of Directors, the General Manager, or their designees, may request and shall be entitled to receive any phone bills or facsimile usage records associated with equipment provided by the District to a Director for use in conjunction with the business of the District. A Director who receives capital equipment provided by the District for District business recognizes, and by receiving that equipment agrees, that he/she has no expectation of privacy regarding the usage records associated with said equipment.

2. Questions arising pertaining to interpretation of this policy shall be submitted, after legal review, to the Executive Committee for review and recommendation to the Board of Directors and then to the Board of Directors for final determination.

Board Policy 180A: Travel, Meeting and Miscellaneous Expense Reimbursements
for Directors and Officers

Adopted: 10/89


February 7, 2002

Mileage Amended: 1/95, 1/98, 4/99, 1/01
Review of Expenditures and Amendments of Policy

All claims for reimbursement shall include a statement that the expenses are necessary, appropriate, and in accordance with the Board's policies and procedures for the use of District credit cards. The General Manager shall submit monthly statements to the Board of Directors outlining the expenses incurred and the necessary budgetary needs.

The General Manager shall submit a summary of all expenditures to the Board of Directors and Officers. The summary shall be subject to review by the Board of Directors and Officers, who shall approve or disapprove expenditures as necessary.

The General Manager shall submit a report of the District's expenditures to the Board of Directors and Officers, who shall review and approve or disapprove the report. The report shall include a summary of all expenditures, the amount of each expenditure, and the necessary budgetary needs.

The Board of Directors and Officers shall review the report submitted by the General Manager and make decisions regarding the approval or disapproval of expenditures. The report shall be reviewed on a regular basis, and the General Manager shall be responsible for keeping the Board and Officers informed of all expenditures.

The General Manager shall be responsible for the administration and management of all expenditures. The General Manager shall ensure that all expenditures are necessary and appropriate, and that they are in accordance with the Board's policies and procedures. The General Manager shall report any expenditures that are not necessary or appropriate to the Board of Directors and Officers.

The General Manager shall be responsible for ensuring that all expenditures are reported to the Board of Directors and Officers, and that the Board and Officers are kept informed of all expenditures. The General Manager shall also be responsible for ensuring that all expenditures are approved by the Board of Directors and Officers, and that they are in accordance with the Board's policies and procedures.

Amendments to the Board's policies and procedures for the use of District credit cards shall be approved by the Board of Directors and Officers. The General Manager shall be responsible for ensuring that all amendments are approved by the Board of Directors and Officers, and that they are in accordance with the Board's policies and procedures.