

RESOLUTION NO. XXXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EDMONDS,
WASHINGTON, ADOPTING THE EMPLOYEE EXPENSES, VOLUNTEER
RECOGNITION, AND REIMBURSEMENTS POLICY AS ATTACHED
HERETO.

WHEREAS, the City of Edmonds is committed to the highest standards of responsible financial management; and

WHEREAS, the City Council Finance Committee reviewed the Employee Expenses, Volunteer Recognition, and Reimbursements Policy at the August 9, 2022 and September 13, 2022 Finance Committee meetings; and

WHEREAS, best practice shows that finance related policies should be formally adopted by Resolution; now therefore,

THE CITY COUNCIL OF THE CITY OF EDMONDS, WASHINGTON, HEREBY RESOLVES
AS FOLLOWS:

ADOPT THE CITY OF EDMONDS EMPLOYEE EXPENSES, VOLUNTEER RECOGNITION,
AND REIMBURSEMENTS POLICY. The city council hereby adopts the following attached document:

City of Edmonds Employee Expenses, Volunteer Recognition, and Reimbursements Policy to read as set forth hereto, which is incorporated herein by this reference as if set forth in full.

RESOLVED this 1st day of November 2022.

CITY OF EDMONDS

MAYOR, MIKE NELSON

ATTEST:

CITY CLERK, SCOTT PASSEY

FILED WITH THE CITY CLERK:

PASSED BY THE CITY COUNCIL:

RESOLUTION NO. XXXX

EMPLOYEE EXPENSES, VOLUNTEER RECOGNITION, AND REIMBURSEMENTS

Section I. General Reimbursement Policy

The City of Edmonds reimburses its employees and elected or appointed officials for reasonable expenses incurred conducting City business providing the expenses are prudent and directly related to the individual's service on behalf of the City.

The City of Edmonds is best served by the active participation of community citizens as volunteers. Volunteers learn more about their City and contribute to its effectiveness, thereby fostering increased cooperation and understanding.

Section II. Administration

The Administrative Services Director administers the reimbursement program, designs and distributes forms and instructions, and carries responsibility for review of claims. Claims will not be allowed without a detailed account of money spent certified by the individual making the claim.

Section III. Documentation

Claims for personal reimbursement must be made on official Employee Claim for Expenses form, be accompanied by the vendor's invoice, receipt or bankcard charge slip showing the date, vendor name, amount paid and items/services received, and must be signed by the individual seeking reimbursement. Should a receipt be lost or not be obtainable, an employee must fill out a Lost Receipt form and attach to the Claim for Expenses signed by his/her Department Head (or Mayor if the employee is a Department Head). This will serve as a substitute for a receipt. The person seeking reimbursement is responsible for ensuring that the reimbursement request is accurate, and that receipts or requests are not duplicated.

In addition to the documentation above, claims for meals that feed others require the following documentation:

1. The names of the individuals being hosted.
2. Their official title or capacity as it relates to City business.
3. The nature of the topics discussed, nature of the occasion, what public purpose or policy was being served (and/or copy of agenda).

Reimbursement is subject to budget being available for the event, and preapproval by the Mayor for staff-sponsored events, or by the Council President for Council-sponsored events. Employee claims for expenses must be signed by department heads, or in his/her absence, by his/her designee. Department head or acting department head claims must be signed by the Mayor. Council member expenses may be approved either by the Council President or by placing the reimbursement request on the Consent Agenda, giving the full Council the opportunity to approve or deny the request.

Whenever possible, City expenses should be paid for using City funds. At times, however, an employee or elected official may find it expedient or necessary to pay for an expenditure using their

personal funds and seek reimbursement from the City afterwards. When this occurs, the employee or elected official should obtain pre-approval for the expenditure, before using their personal funds. If such pre-approval was not obtained, approval after-the-fact is at the sole discretion of the applicable authority: their Department Director, the Mayor, or in the case of Council members, either the Council President or the full Council by placing the request on the Consent agenda.

All Employee claims should be submitted in a timely manner; within 60 days.

Section IV. Food and Beverage

The City uses the following guidelines in determining the use of public funds for expenditures for food and beverages:

1. Who consumed this food and drink.
2. What was the nature of the occasion for the consumption.
3. What public purpose or policy objective was served.
4. Were the expenses reasonable.
5. Were the expenses consistent with the policy authorizing reimbursement.

The city must also consider Internal Revenue Service regulations covering the income tax consequences of providing food and beverages to employees. Payment for food and beverage expenses that meet the IRS non-taxable criteria will be made through Accounts Payable. Payment for food and beverage expenses that do not meet the IRS non-taxable criteria will be made through Payroll and taxed at the current IRS rate.

Section V. General IRS Meal Reimbursement Regulations

(See following sections for specific examples)

Please note that reimbursement for out-of-town travel is covered by ECC 2.25.050, Travel Authorization and Expense Reimbursement Policies.

The following food and beverage expenses qualify as non-taxable under the IRS code and will be reimbursed through Accounts Payable.

1. Meals consumed while traveling on city business. To qualify as travel the employee must travel a distance of 40 miles or more from Edmonds and stay overnight.
2. Business meals between city employees and non-city employees that can reasonably be expected to bring a specific business benefit to the city. Restaurant meals with current or potential city suppliers (vendors/contractors/consultants, etc.) would not qualify under this category.
3. Meal expenses directly related to and necessary for attending business meetings or conventions of organizations directly related to city business. These organizations include chambers of commerce, business leagues and trade or professional organizations such as the American Planning Association, American Public Works Association, etc.
4. Meals provided by the city that meet the following three criteria:
 - a. The meal must be brought to the employee; cash may not be given to the employee to buy a meal.
 - b. The meal must be provided at the city's business premises. This may include temporary work sites, such as a hotel conference room, if business is conducted there.

- c. The meal must be provided for the city's convenience and have a sound business justification. Examples include:
 - i. Meals furnished during work hours so employees are available for emergency calls during the meal. Evidence must be provided that an emergency occurred.
 - ii. Meals delivered to the office at a group meeting that spans a mealtime.

The following food and beverage expenses are taxable under the IRS code and will be reimbursed through Payroll.

1. Meals consumed while attending local training sessions/classes. Local training means training that does not qualify for travel by being 40 miles or more from the city and requiring an overnight stay.
2. Meals consumed while transporting city or non-city participants to recreation programs.
3. Meals between city employees and/or non-city employees off the city premises that otherwise qualify for reimbursement under city policy.
4. Meals consumed while transporting and/or chaperoning city or non-city participants to city sponsored Parks and Recreation programs or events where paid staff are required for safety and supervision. Examples include, but are not limited to, programs or events at restaurants for senior participants.

Claims for taxable meal reimbursements must be submitted to Payroll on an Employee Reimbursement form. Meal reimbursements are included in the employee's regular paycheck.

Section VI. Retreats/Meetings/Training

Council Retreats/Executive Team Retreats/Department Retreats to determine goals and objectives for the department/City: The reasonable cost of necessary food and beverages while conducting a retreat is authorized for reimbursement. *Nontaxable-paid through Accounts Payable*

City Sponsored Training/Staff Meetings: The general rule is that meals and snacks are not reimbursable and are to be purchased by those individuals attending. However, the City will pay reasonable cost of beverages. *Non-taxable under the IRS De Minimis meals category-paid through Accounts Payable.*

Training Developed and Sponsored by Outside Organizations: The City of Edmonds considers training a necessary and reasonable cost of maintaining a high level of excellence in the services we provide. The City will pay for reasonable trainings, conferences, and workshops for employees and elected officials. Training should be approved by an employee's supervisor or by the Department Director, or the Council President or the Council body via the Consent Agenda for Council members, prior to registration and payment for the event.

Professional Organization Sponsored Training or Seminars/Business Luncheon Meetings: The City will pay the cost of meals included as part of the registration or purchased separately to be consumed at meetings held during a mealtime. Examples include the Chamber of Commerce, American Planning Association, Snohomish County Clerks & Finance Officers Association, etc. *Non-taxable per specific IRS regulation- paid through Accounts Payable*

Section VII. Awards/Recognition

Service Awards Ceremonies: Expenditures for reasonable refreshments served at the Mayor's Annual City-wide Employee Awards Programs, including luncheon to recognize employees with years of service and breakfast or lunch to recognize employees selected for service awards. (Limited to one each per year) *Non-taxable under the IRS De Minimis meals category-paid through Accounts Payable.*

Department Head Appreciation Luncheon: Expenditures for reasonable refreshments served at the Annual Department Head Appreciation Luncheon for only City of Edmonds staff and Council members. (Limited to one per year) *Non-taxable under the IRS De Minimis meals category-paid through Accounts Payable.*

Section VIII. Special Events

The City policy is to allow for reimbursement for the costs of reasonable refreshments for events such as Open Houses, City Anniversary Celebrations, and hosting delegations from other jurisdictions. *Non-taxable under the IRS De Minimis meals category-paid through Accounts Payable.*

Birthday Celebrations/ Welcoming Parties: these events are considered private parties and as such represent an inappropriate expenditure of public funds. The cost of any food or beverage or any incidental expenses related to these events (film, flowers, cards, etc.) are not eligible for reimbursements.

Retirement Recognition: The City recognizes that it is sometimes appropriate to recognize and acknowledge the contribution that employees have made to the City during their career. The City will pay the reasonable cost of food and beverages at such an event. The City may also pay a reasonable cost for providing a service award to the retiring employee, not to exceed \$200 in value.

Normally when an employee retires there are small items that were issued to the employee that must be returned to the city. Examples of this are credit cards, cell phones, office keys, and iPads. Due to the nature of an iPad, unless they are essentially brand new, they have no remaining value after an employee retires and the iPad is disposed of. If an iPad is more than a year old and has no useful value or monetary value to the City, rather than being disposed of, any iPad with no value may be given to the retiree, after being scanned by an Information Services technician to ensure that sensitive or proprietary information has been removed.

Volunteers: It is the policy of the City of Edmonds to recognize and acknowledge the contribution that volunteers make to the City. The City will pay the reasonable cost for providing service awards, as well as food and beverages, at an annual recognition event. These are non-taxable to Volunteers. *Non-taxable to Employees if held on city premises and meals are provided-paid through Accounts Payable. Taxable to Employees if held off city premises-employee's meal reimbursement paid through Payroll.*

Section IX. Meals

Business Meals between City Employees: Meals (including snacks) between City Employees will not normally be reimbursed. It is expected that City Business between City employees can for the most part be conducted on City premises during normal work hours.

Working Lunches: the City recognizes that there are occasions when it may be necessary for a group of employees to work through lunch to meet a deadline or to keep a group convened in order to accomplish the task. To be considered for reimbursement as a working lunch, the meeting must span over a three-hour period which includes the group's normal lunch hour and have approval of the Mayor. *Non-taxable if the meal is provided on the city premises for the convenience of the city-paid through Accounts Payable.*

Business Meals between City Employees and Non-City Employees: the reasonable costs of necessary meals while conducting City Business with persons other than City employees either locally or out of town are authorized for reimbursement. Employees seeking reimbursement for meals of a non-City person must obtain prior approval from the Mayor. *The employee's meal is non-taxable if the meal is provided on the city premises for the convenience of the city or the employee is on out-of-town travel for the city – paid through Accounts Payable. The employee's meal is non-taxable if it meets the IRS test of providing a specific business benefit to the city (normally only the Mayor will qualify in the specific business benefit category) – paid through Accounts Payable. The employee's meal is taxable if the meal is not related to city travel and is eaten off the city premises – paid through Payroll. The meals for the non-city employees are paid through Accounts Payable.*