ATTACHMENT #1

Revised

Legislative, Finance & Administration Committee Meeting
June 3, 2004
Agenda Item 1. Revised Hospitality & Civic Function Policy

Addition of word(s) or phrase noted in blue.
Deletion or removal of word(s) or phrase noted in red ~~strikeout~~.

CITY OF DOVER
(Adopted by City Council on October 27, 2003)

HOSPITALITY & CIVIC FUNCTION POLICY

I. PURPOSE

There are occasions when the judicious extension of hospitality in connection with official City of Dover business is in the best interests of the City of Dover, hereinafter referred to as *"City."* There are also occasions where attendance at civic events and functions which are not sponsored by the City are in the best interests of the City. This policy outlines City policy and procedures governing the manner and extent to which the City's employees, public officials, and appointees may extend hospitality while attending civic functions for business purposes only, provides maximum per person rates authorized for meals and refreshments, and specifies the City funds that may be used for such purposes.

II. SCOPE

This policy applies to all hospitality and civic function expenses incurred by the City regardless of the source of funding, and to all City employees, public officials (as defined herein) and appointees to City Boards, Commissions and Committees. Allowable costs for hospitality and civic functions which are chargeable to federal grant funds are governed by various OMB Circulars. All City employees, public officials, and appointees shall adhere to all requirements of applicable OMB Circulars.

This policy does not apply to meal expenses incurred while on approved travel status (except as specifically delineated ~~hereinafter~~ **on page 8**), which are covered by the City Travel Policy.

III. DEFINITIONS

- *Approval Authority* – a person to whom authority has been given in the City Charter and/or Code or delegated in writing to approve hospitality and civic function expenses and to approve exceptions to the hospitality and civic function policy and the limitations outlined in this policy.

- *Civic Event/Function* - any not-for-profit festival, celebration, or any similar occurrence or event that is conducted for a charitable, historical, educational or public or civic purpose ~~within the City~~, provided, however that fund-raising events and all political activities are specifically excluded from coverage under this policy.

- ~~*Exceptions* – included hospitality and civic function expenses that exceed the per-person maximum rates specified in Appendix A of this policy and any other type of hospitality and/or civic function expenses that are not specifically included in this policy.~~

- ~~*Funding Sources* – General Fund appropriations, Utility Funds, and other applicable funds. Grant funds are governed by policies of the granting agency (e.g. the federal government, state government, etc.). Any expenditure of grant funds for hospitality or civic functions shall adhere to the more restrictive clauses of the grantor agency and this policy.~~

- *Hospitality* – for purposes of this policy, hospitality includes expenses for activities that City employees, public officials, and/or appointees initiate **for official business meetings or** to promote the City to the public, usually with the expectation of benefits accruing directly or indirectly to the City. Hospitality is broadly defined to include providing any of the following:

    1. Meals (catered or restaurant)
    2. Light refreshments (beverages, hors d'oeuvres, pastries, cookies, etc.)

- *Official Business* – when a City employee, public official, or appointee engages a minimum of 60% of the time in a discussion of a City topic with supporting documentation.

- *Official Guest* – a person who renders a service to the City or is present at a City meeting, conference, or event at the invitation of the person authorized to host the activity. City of Dover employees, public officials, and appointees are not considered Official Guests under this policy.

- *Official Host* – an employee, public official, or appointee representing the City, who hosts a meeting, conference, or event.

- *Public Official* - ~~see VII of this policy for the IRS definition which is incorporated by reference herein.~~ **an elected or appointed person with authority conferred by the City of Dover Charter and/or Code of Ordinances.**

- *Unallowable Expenses/costs* – expenses and/or costs which are not expressly permitted under this policy and/or for which sufficient documentation is not provided as required under this policy. Any obligation incurred by a City of Dover employee, public official, and/or appointee contrary to this policy becomes the personal obligation of the employee, public official, and/or appointee.

- *Work Location* – the place where the major portion of an employee's or public official's working time is spent, or the place to which the employee or public official returns during working hours upon completion of special assignments.

IV. ALLOWABLE EXPENSES AND APPROVAL

A. Allowable expenses and occasions

Expenses for hospitality and civic functions must be directly related to, or associated with, the active conduct of official City business. The occasion must serve a clear City business purpose, with negligible personal benefit derived by the official host or other City employees, public officials, and appointees. In addition, the expenditure of funds for hospitality and civic functions should be cost effective and in accordance with the best use of public funds.

The procedures set forth in this policy are intended to conform to the Internal Revenue Service regulations related to entertainment expenses and associated employee compensation issues.

The following list provides examples of approved hospitality and civic function expenses:

- Host to Official Guests

When the City is host to official guests or dignitaries from outside the City who are visiting for a bona fide official City business purpose**,** the cost of meals or light refreshments may be paid or reimbursed.

The expenses of the spouse of a guest may be reimbursed provided such hospitality serves a bona fide City business purpose. In cases where the expenses of a guest's spouse are reimbursed, expenses for the host's spouse are also reimbursable.

- Joint Meetings with Other Governmental Entities or Organizations.

The costs of meals or light refreshments may be paid or reimbursed when the City is the ~~host~~ **sponsor** or co-sponsor of a meeting with other local governments, local legislators, and/or other elected officials meeting with the City on official City business. All such events or meetings shall be open to all City elected officials to be reimbursable. **(e.g., City/County periodic meetings)**.

- Retreats, Meetings and Business Meals

The cost of meals or light refreshments may be paid or reimbursed when meetings of an administrative nature are held that are directly concerned with the welfare of the City. ~~Where meals are involved, they *must be a necessary and integral part of the business meeting, not a matter of personal convenience (*e.g. the cost of meals for employees from the same work location may be reimbursed if a working lunch is included as part of a *scheduled meeting).* The meeting should take place over an extended period of time and the supporting documentation should include a working meal to satisfy the requirement that the meal is part of a genuine business function.~~

~~Reimbursement will *not* be allowed when two or more employees from the same work location or elected or appointed officials (or any combination thereof) choose to go to lunch together to continue their business as *an incidental* part of the meal, or when the meeting could have been scheduled during regular working hours.~~

Reimbursement may be allowed when it is necessary for employees, public officials, or appointees to conduct official City business during a meal, ~~the circumstances surrounding the meal are beyond the control of the employee or public official~~, and it is impractical to complete the business during normal working hours.

- **Organization in which the City is a member.**

The cost to attend functions/events of organizations that the City is a member may be paid or reimbursed. This would include but not limited to Chamber of Commerce, Kent County Tourism and Delaware League of Local Governments.

- Reduced Cost to the City

The cost of light refreshments or meals may be paid or reimbursed when the cost of the refreshments or meals is likely to be less than the cost to conduct the meeting or function outside of meal hours.

- Employee Oriented Functions

The cost of light refreshments or meals may be paid or reimbursed when Citywide functions between City officials, management, and employees are held for support of City employee events and recognition activities that are open to all employees (e.g., employee appreciation day and employee picnic). However, holiday parties, birthday parties, employee retirement parties, prayer breakfasts and other events not essential for the conduct of City business are not allowable expenses under this policy.

- Receptions

The cost of light refreshments and the cost of certificates, awards, plaques, and/or promotional materials presented, may be paid or reimbursed for the Annual City of Dover Reception.

B. Approval of Transactions

When determining whether a hospitality or civic event expense is appropriate, the approving authority must evaluate the importance of the event in terms of the costs that will be incurred, the benefits to be derived from such an expense, the availability of funds, and any alternatives that would be equally effective in accomplishing the desired objectives.

~~Delegation of Authority~~

Hospitality and civic event expenses will be approved in accordance with the "Personnel Authorized to Sign Purchase Orders & Invoices" as maintained in the Finance Department. Approval for all official City hospitality and civic function expenses must be obtained at the appropriate level. ~~In order to ensure that the approval of hospitality and civic functions is entirely independent, individuals with delegated approval authority are prohibited from approving expenses of a person to whom they directly report. The approval authority shall be the supervisor (or higher level) of the official host. In addition, individuals with delegated approval authority shall not approve their own hospitality or civic function expenses.~~

~~If the official host is the Mayor, approval authority shall be the Council President and Finance director. If the official host is Council, approval authority shall be the Mayor and Finance director. For Council-Appointed Employees, approval authority shall be the Council President. If the Council President or Mayor is not available in advance of the event, the Council Committee Chair shall be the substitute approval authority.~~

From time to time, supervisors may not be available for extended periods in advance of a permitted event or function. When this happens, the supervisor may delegate approval authority to a responsible person **in writing**. ~~A Delegation of Signature Authority Form or an equivalent form must be on file for each individual to whom approval authority for hospitality and civic function payments has been delegated. Any delegation of authority must be in writing, with copies provided to the Finance Department.~~

V. PROHIBITED/RESTRICTED EXPENSES

To prevent inequities among the various competing fund-raising events, the occasion cannot be a fund- raising event for any one civic, charitable, or religious organization. Furthermore, contributions and donations, including cash, property, and services, regardless of the recipient, or the purpose for which the funds, property or services will be used are prohibited costs, unless the City Council and Mayor have given specific written approval of such contributions and donations.

The following list provides examples of prohibited or restricted hospitality and civic function expenses:

- Personal Memberships

To prevent any potential conflict of interest, City funds may not be used by employees, public officials, or appointees ~~to cover expenses related to events, meetings, meals, or activities sponsored by organizations in which the public official and/or employee holds a personal membership, unless the event, meeting, meal, or activity is already funded by the City~~ **at private membership clubs where expenses are credited to a member's minimum expense requirement.**

- Political Expenses

Expenditures which contribute to, or pay the expenses of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcomes of elections, whether direct or indirect, are prohibited.

- Holiday Gatherings

The use of public funds for meals or light refreshments for holiday gatherings for City employees, public officials, and appointees is prohibited.

- Entertainment

Costs of entertainment, including amusement, diversion, golf tournaments or outings, and social activities and any costs directly associated with such costs (such as tickets to shows, cultural, social or sports events, greens or tee fees, meals, lodging, rentals, transportation, and gratuities) are prohibited. **(Please refer to VI. C. for exceptions and approval)** ~~The Mayor and/or Council President (requests of the Mayor to be approved by the Council President and requests of the Council to be approved by the Mayor), together, may approve individual exceptions to this restriction to permit reimbursement of these types of costs, provided official business can and is conducted and documented. The Finance Director shall submit all "Request For Payment/Reimbursement of Hospitality Expenses" forms for entertainment related expenses to all Council members for review at least monthly.~~

- Fundraising

Costs of organized fundraising, including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are prohibited, regardless of the purpose for which the funds will be used.

- Refreshments

City funds may not be used to pay for refreshments for general office use.

- Alcoholic Beverages

The City shall not ~~normally~~ reimburse the costs of alcoholic beverages. ~~The Mayor and/or Council President (requests of the Mayor to be approved by the Council President and requests of the Council to be approved by the Mayor), together, may approve individual exceptions to this restriction to reimburse the costs to purchase alcoholic beverages for official guests in cases where a City employee, public official, or appointee is the official host~~.

VI. PROCEDURES

A. Authorized Rates

Rates are recommended by the City Clerk and are authorized by the City Treasurer. *Maximum* rates allowed for hospitality and civic functions, specified in Appendix A, include taxes and service. These rates do not include the rental of meeting or conference facilities, which may be charged as an additional expense.

The maximum rates will be reviewed periodically by the City Clerk, City Manager, and City Treasurer and adjusted as appropriate.

B. Payment/Reimbursement Procedures

Except for regularly scheduled meetings and, unless otherwise specifically delineated in this Policy, all Hospitality and Civic expenditures must ~~be approved in advance of the event for which the costs will be incurred. A "Request for Payment/Reimbursement of Hospitality Expenses" form must be submitted to the Finance Department. The completed request must include the following information:~~ **include the following information on the receipt, invitation, or agenda.**

1. *Name and department* of the person requesting ~~approval~~ **payment** and/or reimbursement.

~~2. *Type of activity* (e.g. reception, retreat, League of Local Govts., City/County meeting, business meeting, etc.)~~

3. *Date of activity*

4. *Location of activity*

5. *Purpose of activity*: explain how this is a necessary, business related expense that is appropriate to charge to/reimburse from the indicated account**,** ~~(e.g. business purpose/reason/benefit and how it contributes to achieving the City's mission and the purpose of the project/account being charged; business topic(s) discussed). A specific, clear, and meaningful statement of the benefit of this function to the mission of the City is required.~~ **if it is not included on the invitation or support documentation**.

6. Supporting documentation of the event/meeting. **(e.g, invitation, notice of meeting, agenda)**

7. *Participants*: who attended (or will be attending) the activity and their business relationship to the City department. The name, title and department (if a City employee), or affiliation/occupation/group (if a guest from outside the City) of each person should be shown on the request form or an attached guest list. For meetings of a group with an established participant list or where the group is so large it would be very difficult to name all of the attendees (e.g., City Reception), the persons entertained need not be individually identified by name and title. The group must be named or described and the estimated number of attendees provided.

8. *Type and amount of expense(s)*: describe what was purchased, ~~what it cost~~ **if not included on receipt**, and the total amount of the payment requested.

9. *Number and title of appropriate account* being charged.

~~10. *A certification* signed by the host or attendee, as applicable, that the expenses to be incurred are for official City business purposes.~~

11. *Approval signature of the supervisor or other designated approval authority* ~~(or higher level) of the employee, public official or appointee~~.

~~12. *Approval signature of responsible person or project director* authorized to approve disbursements for this account.~~

13. *Approval signature for exceptions*, if required.

All requests for reimbursement must be supported by original itemized receipts, or acceptable electronic receipts, which must be submitted with the request for payment. The level of detail contained in an electronic receipt must be equivalent to that contained in an acceptable paper record.

Note: All meals require an itemized receipt as proof of payment. A credit card receipt alone shall not be sufficient.

To ensure that adequate internal control standards are met, a payment issued to reimburse hospitality and civic function expenses *shall be delivered directly to the payee*. Such payments shall ***not*** be delivered to any of the individuals involved in the approval or payment preparation process. When contracting with a vendor for catering, a purchase order must be submitted to the Finance Department ***before*** the event, along with the requisitions and any vendor proposal or estimate. After the event, the official and approving supervisor must request/authorize payment by submitting the ~~"Request for Payment/Reimbursement of Hospitality and Civic Function Expenses"~~ **supporting information** as outlined above, and the check will be mailed directly to the vendor(s).

Hospitality while on Travel Status

The Travel Policy and the Hospitality & Civic Function Policy are separate and distinct policies.

A City employee, public official, or appointee on travel status who incurs hospitality expenses *must* claim such expenses in accordance with the procedures specified in this policy. ~~Such expenses should be documented on the "Request for Payment/Reimbursement of Hospitality Expenses" and submitted with the Travel Expense Report to ensure that the meals for hospitality are separately justified from the meals for travel. In addition, a~~ ***A*** *per diem meal must not be added to the travel expense form when a hospitality expense for the same meal has been submitted for reimbursement.*

Payment/Reimbursement Procedures
Employees, public officials, and appointees who fail to attend approved functions or events after indicating an intent to attend, and after funds have been obligated or expended by the City shall be required to pay the associated costs for the function or event or reimburse the City for the amount spent, whichever is applicable.

C. Finance Department and Council Responsibilities

The City Council and the Finance Department will periodically (at least annually) review the implementation of this Policy and will provide policy interpretations and assistance to ensure effective and efficient implementation. Any exceptions will be subject to approval by the **Mayor or** Council **whomever is applicable** and Finance Department. Exceptions will only be made in particular cases where adequate justification is presented. However, in the interest of achieving maximum uniformity, exceptions will be permitted only in highly unusual circumstances.

~~**D. Exceeding Authorized Meal Rates**~~

~~Any request for reimbursement of expenses higher than those allowed in Appendix A to this policy must include written justification as to why the higher costs were unavoidable and necessary to achieve a City business purpose. *The fact that actual costs exceed the authorized rates is not in itself adequate justification for a higher reimbursement rate.* If adequate justification exists and provided such costs are deemed to be ordinary and necessary under the circumstances, an exceptional expense may be approved. Reimbursements of expenses shall be limited to the actual costs incurred.~~

~~**E. Tax Considerations**~~

~~Under Internal Revenue Service regulations, a meals/entertainment (hospitality) expense shall be considered taxable income to an employee, public official, and/or appointee under any of the following conditions: if the entertainment (hospitality) activity is not directly related or associated with the employee's job, the expense is lavish or extravagant under the circumstances, the official host (or another employee) is not present when the activity takes place, or if the expense is not substantiated with supporting documentation, as provided in this policy. Consequently, any expense that would be considered taxable income to the employee by the IRS is not allowable under this policy. For more information on what hospitality expenses are deductible, see the IRS Web site (http://www.irs.gov) and key in entertainment in the Search window or publication 463 in the Forms and Publications Finder window.~~

VII. RESPONSIBILITIES

All City of Dover policies are to subject to the City of Dover Charter Part 1, Subpart A, Article II, Section 12 "Compensation and expenses – Mayor and Council and other elected or appointed officials," whereas, "Members of the council, mayor and other elected or appointed officials shall receive reimbursement for actual and necessary expenses incurred when on official business as prescribed by city ordinance or policy" and; Part II Code of Ordinances Chapter 2, Article 1, Division 4 "Code of Conduct," which is "applicable to all elected and appointed officials and to all employees of the City of Dover." Any obligation incurred by a City of Dover employee, public official, or appointee contrary to this policy shall become the personal obligation of the employee, public official, and/or appointee.

~~**VIII. INTERNAL REVENUE CODE – DEFINITION OF PUBLIC OFFICIAL**~~

~~Generally, if there is any provision in a public law which authorizes the employment of the individual, and the individual is hired or elected under this authority, the individual is considered an employee of the State or political subdivision to which the provision applies.~~

~~The following factors indicate that an office is a "public office".~~

~~1. The office was created by the constitution or through legislation, or by a municipality or other body with authority conferred by the legislature.~~

~~2. The office was delegated a portion of the powers of the government body.~~

~~3. The powers conferred and the duties to be discharged are defined either directly or indirectly in law or through legislative authority.~~

~~4. The duties are being performed independently and without control of a superior power other than the law.~~

~~5. The office has some permanency and continuity, and the officer takes an official oath.~~

~~Examples of public officers are: the president and vice president; a governor or mayor; the secretary of state; a member of a legislative body, such as a state legislature, county commission, city council, school board, a judge; a justice of the peace; and members of advisory boards and committees.~~

IX. RESCISSIONS

This Policy rescinds and supersedes any and all previous policies, memorandums or other documents governing hospitality and civic function expenses as described herein.
ADOPTED: OCTOBER 27, 2003

APPENDIX A

MAXIMUM RATES FOR HOSPITALITY

The maximum per person expenditures for individuals being entertained and for a City employee, public official, or appointee who is the official host or who is a participant at the request of the official host, shall not exceed the following amounts:

Meal	*Maximum Rates*
Breakfast	~~$15.00~~ **$20.00**
Lunch	~~$20.00~~ **$25.00**
Dinner	~~$35.00~~ **$50.00**
Light Refreshment	~~$10.00~~ **$15.00**

Footnotes:

1. ~~The reimbursement for a buffet reception cannot exceed the applicable meal allowance associated with the type of buffet, i.e. breakfast, lunch, or dinner.~~ **Reimbursements of expenses shall be limited to the actual costs incurred.**

2. These amounts include tax and service (i.e. tips).

3. **With regards to functions/events covered by this policy that exceed the maximum rates, the City will pay the amount as indicated on the invitation, agenda or meeting notice.**

   Approval of exceptions will follow the process as outlined in Section VI, C.

/jg
\\Dover_1\finance\Secretary\POLICIES\draft amend mts Hospitality-CivicFunction Policy.wpd

CITY OF DOVER
HOSPITALITY & CIVIC FUNCTION POLICY
Payment/Reimbursement Form

Attendee(s):	Department:	Date:
Civic Event/Function (e.g. name of organization hosting: reception, retreat, business meeting, etc.) Central Delaware Economic Development Council		
Date(s) of Activity:	Location of Activity:	
Participants (List who is attending or will be attending & what their business relationship to the City department. For a large meeting/activity the persons entertained need not be individually identified by name & title. The group(s) must be named or described and the estimated number of attendees provided. If other City employee(s) attend, please list their name, title & department.):		
Purpose of Activity:	Participation Fee(s): Meal(s): Plagues/Certificates/Gifts: Other: Total: $ -	
Account Number & Account Title Being Charged:		
Supervisors Signature & Date:		
Date Approved:	Department Head Signature:	
Signature of Host: _____ I hereby certify that the expenses specified above were incurred for official City business purposes.		
Approval/Explanation of Disapproval: _____ Mayor _____ Council President _____ Finance Director		
Policy Exception Explanation: _____ Mayor _____ Council President		

Attachment #2

Revised

CITY OF DOVER
LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE

JUNE 3, 2004

AGENDA ITEM NO. 2

DOWNTOWN DOVER BUSINESS IMPROVEMENT DISTRICT - ASSESSMENT (TAX) RATES FOR FISCAL YEAR 2004-2005

Submitted by: Donna Mitchell

INTRODUCTION

The Business Improvement District (BID) Ordinance adopted by City Council requires that Council must adopt a BID budget and assessment every year. This report presents the proposed budget and assessment for fiscal year 2004-05.

ORDINANCE REQUIREMENT AND BUDGET

(A) Section 9(f) requires that a budget be submitted to City Council for consideration and approval.

For your consideration, we have attached the FY 2004-05 budget showing BID tax revenue and the expenses charged against this revenue (Attachment A).

(B) For your consideration, we have also provided the tax calculation worksheet with recommended rates (Attachment B).

REQUEST FOR ACTION

We request Council to approve the following budget for F.Y. 2004-05 Attachment A, and Assessment (Tax) Rate for 2004-05 - Attachment B.

ATTACHMENT A

DOWNTOWN DOVER BUSINESS IMPROVEMENT DISTRICT

CASH RECEIPTS BUDGET FOR 2004-05

BID TAX REVENUE AND EXPENSES CHARGED AGAINST THIS REVENUE ADMINISTERED THROUGH MAIN STREET, INC.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF DOVER, IN COUNCIL MET:

1. The amount hereinafter named aggregating forty-four thousand, four hundred eleven dollars ($44,411) or so much thereof as may be necessary are hereby appropriated from current revenues and other funds for the use by the City of Dover/Main Street, Inc. for the fiscal year beginning July 1, 2004, and ending June 30, 2005:

REVENUE	**PROPOSED**
Tax Revenue	$44,411
EXPENSES	
Salary and Personnel Costs	$44,411
TOTAL EXPENSES	$44,411

ATTACHMENT B

DOWNTOWN DOVER BUSINESS IMPROVEMENT DISTRICT

TAX CALCULATION WORKSHEET

JULY 1, 2004 TO JUNE 30, 2005

	ZONE 1	ZONE 2	ZONE 3	TOTAL
ASSESSMENT TAX RATE PER $100 ASSESSMENT	0.087	0.0615	0.021	---
REVENUE RAISED	$18,163	$21,450	$4,798	$44,411
% REVENUE RAISED	41%	48%	11%	---
NUMBER OF PARCELS	123	120	50	293
AVERAGE ASSESSMENT	$148	$179	$96	$141

NOTE: These figures are estimated per the current year's base and are submitted by Mr. Jerome Cooper.