



AGENDA

LEGEND: A - Action may be taken
I - Information
1 - Included
2 - Handout
3 - Separate
4 - Verbal

JPA: ACCEL FINANCE COMMITTEE MEETING

DATE/TIME: Tuesday, September 23, 2025 at 1:30 PM

LOCATION: Teleconference

Link: <https://alliantinsurance.zoom.us/j/99923677933?pwd=NxreLRPb8593davLFNSC7vzXl2FfIO.1>

Meeting ID: 999 2367 7933

Passcode: 680346

Dial: (669) 444 9171

In accordance with the requirements of the Brown Act, notice of this meeting must be posted in publicly accessible places, 72 hours in advance of the meeting, at the office of ACCEL's Secretary.

Per Government Code section 54954.2, persons requesting disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Alliant Insurance Services at (415) 403-1400, 24 hours in advance of the meeting. Access to some buildings may require routine provision of identification to building security. However, ACCEL does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.

- MEMBER LOCATIONS VIA TELE - CONFERENCE**
- **City of Monterey**, 735 Pacific Street, Suite A, Monterey, CA 93940
 - **City of Ontario**, 200 North Cherry Avenue, Ontario, CA 91764
 - **City of Santa Barbara**, 735 Anacapa Street, Santa Barbara, CA 93101
 - **City of Santa Monica**, 1685 Main Street, Room 131, Santa Monica, CA 90401
 - **City of Visalia**, 220 North Santa Fe Street, Visalia, CA 93292

PAGE

- A. CALL TO ORDER**
- 3-6 B. CONSENT CALENDAR (A)**
- 1 1. Approval of Minutes for the September 04, 2025 Finance Committee Meeting
Members will review this item and may take action to approve or amend.
- C. REPORTS**
- 7-8 1. FINANCE COMMITTEE (A)**
- 2 a) ACCEL 2024-25 Financial Audit Draft
Crowe LLP will go through the draft Financial Audit with the Committee. Action may be taken to provide a recommendation to the Board or direction given.
- 9-43 1 b) ACCEL Travel Expense Policy – Proposed Changes (A)**
The Committee will discuss ACCEL's travel expense policy and may take action to provide a recommendation to the Board or provide direction.
- 44-70 1 & 2 c) Review of Retrospective Rating Plan Calculation - Reduce Minimum Contribution and Increase Claims Cap (A)**
The Program Administrators will demonstrate the effects of changes to the minimum contributions and maximum payments to the RPC. Action may be taken to make a recommendation to the Board or direction given.



D. PUBLIC COMMENTS

(I)

4 *The public is invited at this point to address the Committee on issues of interest to them.*

ADJOURNMENT



**MINUTES OF THE
ACCEL FINANCE COMMITTEE
MEETING**

**Item No. B.1
Finance Committee
September 23, 2025**

Thursday, September 4, 2025 at 10:30 AM

**LOCATION:
Teleconference**

Link:

<https://alliantinsurance.zoom.us/j/98820751663?pwd=MBJ2TN52GzcXOxobPKT7MYQbA5JyGs.1>

Meeting ID: 970 9267 2976

Passcode: 351787

Dial: (669) 444 9171

MEMBERS PRESENT:

Rafaela King, City of Monterey (joined 10:58am)
Marquie Lugo, City of Ontario
Marisa Kahn, City of Santa Barbara Alternate
Oles Gordeev, City of Santa Monica
Andrew Guzman, City of Visalia (joined 10:36am)

MEMBERS ABSENT: None

GUESTS AND CONSULTANTS:

Conor Boughey, Alliant Insurance Services
Lorissa Huey, Alliant Insurance Services
Thomas Joyce, Alliant Insurance Services
Tami Giovanni, Alliant Insurance Services
Adam Randolph, Crowe (left 10:56am)
Joe Pieksza, Crowe (left 10:56am)

A. CALL TO ORDER

Oles Gordeev called the meeting to order at 10:33 AM.

B. CONSENT CALENDAR

B1. Approval of Minutes for the March 3, 2025 Finance Committee Meeting

A motion was made to approve the consent calendar.



MOTION: Oles Gordeev **SECOND:** Marisa Khan **MOTION CARRIED**

	Rafaela King	Marquie Lugo	Marisa Kahn	Oles Gordeev	Andrew Guzman
Aye		X	X	X	
Nay					
Abstain					

C. REPORTS

C1. FINANCE COMMITTEE

C1a. ACCEL Financial Auditor Request for Proposal (RFP)

Background was provided to the Committee as to ACCEL’s history with financial auditor contracts and best practices on the frequency of financial auditor RFPs.

The Finance Committee discussed the RFP timeline and that potential interviews would take place in February/early March of 2026, with a decision to be made at the March 2026 Board Meeting.

The Program Administrators have requested that the Committee send a list of potential audit firms that should be solicited for an RFP response.

C1b. ACCEL 2024-25 Financial Audit Process

Adam Randolph and Joe Pieksza of Crowe presented their process for the upcoming financial audit as of June 30, 2025 and invited the Committee to provide questions or comments. Topics covered by Crowe included their service plan and the timeline of the financial audit.

The draft audit will be presented to the Committee prior to the October 2025 Board Meeting.

C1c. Alliant Disclosure Presentation

Conor Boughey reported to the Finance Committee that at the October 2020 Board Meeting, the Board directed the Finance Committee to review the Disclosure Presentation annually prior to the October Board Meeting.

There were three documents that were distributed to the Committee as separate documents and handouts, 1) PowerPoint Review of Disclosure, 2) Alliant 25-26 Disclosure Packet, and 3) ACCEL 25-26 Invoices.

A motion was made to make a recommendation to the Board to receive and file the report, and direct the Program Administrators to give a condensed, high level summary of this information at



the October 2025 Board Meeting. Andrew Guzman would further review the items to report to the Program Administrators and Board if there are any issues. Also, the Program Admin Fee slide will be updated to show how it ties into the Admin Budget for the October Board presentation.

MOTION: Rafaela King **SECOND:** Marisa Khan **MOTION CARRIED**

	Rafaela King	Marque Lugo	Marisa Kahn	Oles Gordeev	Andrew Guzman
Aye	X	X	X	X	X
Nay					
Abstain					

C1d. ACCEL Travel Expense Policy

Conor Boughey reported on the Travel Expense Policy with an emphasis on the cap on Member travel and training, the potential inclusion of room service and mini bar expenses, and a potential explicit exclusion of alcohol.

The Program Administrators were directed to provide the breakfast/lunch/dinner per diem for the City & County of San Francisco, trend on conference registration fees with CPI Trends over the past years, proposed language to remove the exclusion for room service, continue to exclude mini bar expenses, draft an alcohol exclusion, and bring back information on airfare upgrades from Member Cities' Travel Policies.

Direction was given to the Program Administrators to agendize this item again at the next Committee Meeting.

C1e. Intro to Retrospective Rating Plan Calculation

Conor Boughey spoke to the Committee and demonstrated the work being done to show alternative options for the Retro formula. Such proposed changes are a lowering or removal of the minimum contribution as well as an increase in the claims cap from \$4M to \$9M.

The City of Monterey requested a demonstration of how the model would respond to a \$3,000,000 claim to the City. Direction was given to provide an interactive spreadsheet, so that Members can see a live demo at the next Finance Committee Meeting that will show how the changes affect the Retro results. Members can test using 1% and no minimums, with caps of \$4M and \$9M.

D. PUBLIC COMMENTS

There were no public comments.



ADJOURNMENT

Oles Gordeev adjourned the meeting at 12:24 PM.

DRAFT



Item No. C.1.a
Finance Committee
September 23, 2025

ACCEL 2024-25 FINANCIAL AUDIT DRAFT

ISSUE: The Finance Committee oversees ACCEL’s financial audit process. Prior to the Financial Audit, the Committee met with Crowe to discuss the audit process, and any concerns the Committee may have. At this time, the audit is underway with draft financial statements available for review. The FC is convening post audit to discuss the audit findings. This is the FC’s opportunity to review and discuss the audit in detail, prior to the final presentation to the Board in October.

Crowe LLP will walk through the draft June 30, 2025, Financial Audit with the Committee.

RECOMMENDATION: Staff recommends the Committee review the draft Financial Audit and take action to make a recommendation to the Board at the October 16 and 17, 2025 Board Meeting to “Receive and File” the report, or give direction as appropriate and provide direction regarding the method of audit presentation whether it is in person or virtual. In 2024, Crowe presented virtually for the first time and Oles Gordeev, ACCEL’s Treasurer and Finance Committee Chair approved this.

Additional Consideration

In favor: The Committee may recommend to the Board to Receive and File the attached “Draft” to complete the audit cycle and allow the production of the “Final” Financial Audit. Once approved by the Board, the audit will be finalized and distributed within a week of the Board Meeting.

Also, if Crowe presents the Financial Audit virtually, it will save ACCEL \$2,000. The Admin Budget is already budget for the full amount of \$35,000.

Against: A vote against making a recommendation to the Board for approval of the draft financial audit would indicate a Member takes issue with the presentation of financials, audit findings, or a similar related issue. The Committee may vote to instruct the Financial Auditor or Administrators to take further action prior to presenting it to the Board for acceptance.

Members may prefer that Crowe presents the audit in person over a virtual one, due to potential material considerations.

FISCAL IMPACT: No financial impact is expected from the recommended action. The Financial Audit Fee for FY 2024/25 is \$35,000 but this can drop to \$33,000 if the audit is presented virtually by Crowe.

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BACKGROUND: The Executive Committee met in October 2017 and discussed the Finance Committee’s responsibilities and involvement with the audit process. The Executive Committee recommended that the Finance Committee discuss the audit process with the Auditor.

At the October 2017 Board Meeting, direction was given to the Finance Committee to have two meetings around the Financial Audit: the first one before the audit begins and the second one before the October Board Meeting, which is when the Financial Audit is presented.

The June 30, 2025 Financial Audit is the 16th audit completed by Crowe LLP (formerly Perry-Smith and Crowe Horwath). Prior to June 30, 2009, ACCEL utilized the services of Brown Armstrong.

Crowe LLP entered into a three-year agreement with ACCEL starting with the June 30, 2009 Audit, and that contract was subsequently renewed until this audit period ending June 30, 2025. An RFP is currently scheduled for the following audit period ending June 30, 2026.

Matthew Nethaway was historically the lead Auditor on the ACCEL Audit Team. At the October 2017 Board Meeting, the Board took action to request to change Matt Nethaway, the current senior partner to a new partner. Jen Aras was appointed as the New Managing Partner for ACCEL’s Financial Audit for the 2018 and 2019 audit years. In 2020, the New Partner became Joe Pieksza.

Handout: Draft 2024-25 Financial Audit with MD&A.



Item No. C.1.b
Finance Committee
September 23, 2025

ACCEL TRAVEL EXPENSE POLICY – PROPOSED CHANGES

ISSUE: The Finance Committee (FC) was given direction from the Board to review the Travel Expense Policy from the June 2025 Board Meeting. The FC met on September 4, 2025, and gave direction to the Program Administrators to discuss the following proposed changes noted in the redlined Travel Expense Policy:

- Removing the exclusion for room service
- Adding the exclusion of alcohol expenses

The FC also requested to bring the following back for discussion at today’s meeting:

- What the other Member’s Travel Policies say regarding airfare upgrades
- GSA rates meals
- Trend of conference costs based on CPI so that the Committee can discuss the cap on the current \$5,000 cap for 3 conferences.

RECOMMENDATION: Staff recommends the Committee review the Travel Expense Policy and can take action to recommend the Board adopt changes or provide direction.

Additional Consideration

In favor: A vote in favor indicates that room service should be removed as excluded as food is an appropriate expense to cover and should not matter where it was obtained whether it was from the hotel, restaurant or even a food delivery service/app. Also, explicitly excluding alcohol further clarifies ACCEL’s intent to not cover it.

Against: A vote in against indicates that the current Travel Policy language does not need to be changed, and the Program Administrators and Board President have authority to evaluate expense reports for appropriateness.

FISCAL IMPACT: No financial impact is expected from the recommended action.

BACKGROUND: The Travel Policy and Procedure was amended to in October 2009 to pay for Member travel to Board meetings. Subsequently, the policy was amended to include training opportunities in California. Since inception, the policy was structured as a reimbursement policy based on receipts, and the proposed action would allow Members to be reimbursed for small expenses with a short written description rather than a receipt.

At the April 2010 Board of Directors & Strategic Planning Meeting the Board voted to amend the Travel and Training Policy to allow for expenses under \$5 to be reported

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without a receipt as long as there is a short description of the expense incurred. The Travel Policy was updated.

At the October 2018 Board Meeting, the Board reviewed as a good practice, the intent of what can and cannot be reimbursed under ACCEL's Travel and Training Policy.

- Majority of the Board Members use the Training budget for conferences such a PARMA, CCWC, CAJPA, etc.
- Always choose the most economical means of transportation
 - o Southwest Airlines – economy class
 - o Seat upgrades are not reimbursable

In October 2022, the Board took action to increase the meal per diems to \$20 for breakfast, \$25 for lunch, and \$40 for dinner, and the training budget to \$5,000 each year per member from \$2,000. The policy was also amended to clarify that both primary and alternate Board Members can be reimbursed for travel to Board Meetings and trainings.

Also, the Board reviewed and decided to take no action regarding the room block availability to Members the night before a Board Meeting if needed, conference locations, and reimbursement to non-Board Members/vendors.

Please remember to send the reimbursement in a timely manner (within 30 days of the meeting date).

Additional Info other Travel Policies

- https://www.gsa.gov/travel/plan-book/per-diem-rates/per-diem-rates-results?action=perdiems_report&state=CA&fiscal_year=2025&zip=&city=
- <https://www.calhr.ca.gov/employees/pages/travel-reimbursements.aspx>



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Daily lodging rates (excluding taxes) | October 2024 - September 2025

Cities not appearing below may be located within a county for which rates are listed. To determine the county a destination is located in, visit the [Census Geocoder](#).

Filter results...

Primary destination	County	2024 Oct	Nov	Dec	2025 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
San Francisco	San Francisco	\$272	\$272	\$272	\$259	\$259	\$259	\$259	\$259	\$259	\$259	\$259

Showing 1 to 1 of 1 entries



Meals and incidental expenses (M&IE) rates and breakdown

The M&IE total is the full daily amount for a single calendar day when that day is neither the first nor last day of travel. The amount received on the first and last day of travel equals 75% of the M&IE total. See [M&IE breakdowns](#) for information related to the individual meal amounts.

Filter results...

Primary destination	County	M&IE total	Breakfast	Lunch	Dinner	Incidental expenses	First and last day of travel
San Francisco	San Francisco	\$92	\$23	\$26	\$38	\$5	\$69.00

CPI since 2020:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave
2025	3.0	2.8	2.4	2.3	2.4	2.7	2.7	2.9	Avail. Oct. 15				
2024	3.1	3.2	3.5	3.4	3.3	3.0	2.9	2.5	2.4	2.6	2.7	2.9	2.9
2023	6.4	6.0	5.0	4.9	4.0	3.0	3.2	3.7	3.7	3.2	3.1	3.4	4.1
2022	7.5	7.9	8.5	8.3	8.6	9.1	8.5	8.3	8.2	7.7	7.1	6.5	8.0
2021	1.4	1.7	2.6	4.2	5.0	5.4	5.4	5.3	5.4	6.2	6.8	7.0	4.7
2020	2.5	2.3	1.5	0.3	0.1	0.6	1.0	1.3	1.4	1.2	1.2	1.4	1.2

[Average: 3.98% Annually](#)

The past 5 years of CAJPA registration prices-

- 2025: \$450
- 2024: \$350
- 2023: \$350
- 2022: \$350

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The past 5 years of PARMA registration prices-

- 2026 (current): \$549
- 2025: \$549
- 2024: \$549
- 2023: \$450
- 2022: \$450

ATTACHMENT(s): (1) ACCEL Travel Expense Policy with proposed changes
(2) Ontario Travel Expense Policy
(3) Santa Monica Travel Expense Policy

ADMINISTRATIVE POLICY AND PROCEDURE

SUBJECT: TRAVEL EXPENSE

DATE: June 22, 2006

AMENDED DATE: ~~January 19, 2023~~ October 16, 2025

REVIEWED DATE: ~~October 12, 2022~~ September 23, 2025

STATEMENT:

This document establishes a Travel Expense Policy for travel to and attendance at (i) ACCEL Board Meetings, and (ii) Risk Management and Pooling training opportunities (as specified in this Policy).

POLICY:

ACCEL will reimburse Members (primary and alternates) for expenses incurred while traveling to ACCEL meetings and up to three Risk Management or Pooling training opportunities with the restrictions noted in the Procedure section of this policy. It is in the best interest of ACCEL and its Members for all Board Members to attend all Board meetings to actively participate in the operation and decision-making necessary to ACCEL's continued success.

Should any element of this policy be in conflict with a Member City's travel policy, ACCEL's Travel Expense Policy shall govern.

PROCEDURE:

Prior to finalization of the annual budget and the annual billing for a given Program Year, ACCEL will evaluate the appropriate level of funding to be added to the Administrative Budget for the next fiscal year to be used to reimburse the representative for allowable expenses related to ACCEL business.

- 1) Funds will be added to the ACCEL budget under a new line item - Individual Member Cities Travel.
- 2) Members will submit expenses on the attached Expense Reimbursement Form for reimbursement.

Allowable Expenses –

- A) Lodging: Expenses are not to exceed the rate secured by the Program Administrators or Conference Host. Accommodations must be considered a reasonable distance from the Member City so that rooms are only booked as necessary. If a hosting site has been established at a meeting or conference, it is encouraged to stay at the host site. ~~Room services and m~~Mini-bar charges are specifically excluded from

reimbursement under this Policy & Procedure; however, hotel room internet charges are not excluded.

- B) Meals¹: The daily allowable expenses are not to exceed \$85 per day and individual meals not to exceed the following:

\$20 - Breakfast

\$25 - Lunch

\$40 - Dinner

- C) Transportation: Members will plan ahead to obtain the lowest available airfare and auto reimbursement shall not exceed the lowest available airfare.
- D) Parking: The lowest available rates shall be used. If parking at an airport, long term parking should be utilized.
- E) Training: Expenses for Training are not to exceed \$5,000 annually. Members may expense three Risk Management conferences.

- 3) Receipts are required for each of the items listed above. For expenses under \$5 or for lost receipts, a written explanation of charges incurred is permitted if a receipt is not available.
- 4) The Expense Reimbursement Form is to be signed by the Member Representative and reviewed by the Program Administrator and Treasurer.
- 5) The Expense Reimbursement Form should be e-mailed with all applicable receipts to the Program Administrator of ACCEL within 30 days of meeting⁺²⁻. Subject to review and approval, reimbursements will be processed within 45 days of receipt. Checks will be routed for signature and sent directly to member representative.
- 6) Unused funds will be applied to the next fiscal year's Travel Budget.
- 7) If special circumstances arise, which require exceptions or interpretation, the Program Administrators will obtain approval from the President.

¹ Meals shall include food and beverage. Alcohol is excluded.

² Requests that are received later than May 15th will be reimbursed after the program year close out. Expenses for the June Meetings will be paid during the next fiscal year.



CITY OF ONTARIO ADMINISTRATIVE POLICY

SUBJECT Travel and Expense Reimbursement Policy	Number: FSA-001
	Effective Date: July 1, 2024
	Revision Date: June 17, 2024
	Policy Owner(s): Financial Services Agency

PURPOSE

The primary goals and objectives of this Travel and Expense Reimbursement Policy are:

1. To document the allowable business expenses eligible for reimbursement. These include necessary and reasonable expenses as defined under Section 162 of the Internal Revenue Code. This policy applies to all travel expenses regardless of the source of funds.
2. To establish a uniform policy for reimbursing members of legislative bodies as defined in the Brown Act for expenses incurred for travel, meetings, and other expenses incurred while on official business for the City of Ontario, and/or Ontario Housing Authority.
3. To define official City business activities to ensure that public resources should only be used when there is sufficient benefit to the City. Examples of such benefits, include:
 - The opportunity to discuss the community's concerns with state and federal officials;
 - Participating in regional, state and national organizations whose activities affect the City of Ontario;
 - Attending educational seminars designed to improve an official's or employee's skill and information levels; and
 - Promoting public service and morale by recognizing service to the City.
4. To keep expenses within community standards for public officials. If expenses are incurred which exceed these guidelines, the cost borne or reimbursed by the City will be limited to the costs that fall within the guidelines.
5. To satisfy the requirements of Government Code sections 53232.2 and 53232.3.



CITY OF ONTARIO ADMINISTRATIVE POLICY

SCOPE

The requirements of Government Code Sections 53232 et seq specify that the provisions of this policy shall apply to all members of legislative bodies as defined in the Brown Act. This currently includes the Mayor and City Council Members, members of the Planning Commission, Recreation and Parks Commission, Library Board of Trustees, Museum of History and Art Board of Trustees, and Public Art Advisory Commission, and agency/department head positions whose positions are designated as members of the Development Advisory Board. This policy shall also apply to the City Clerk and City Treasurer, and all positions in the Executive Management and Department Head units as now constituted and as modified in the future within the City. In addition, this policy applies to all City full-time and part-time employees, volunteers, and other individuals representing the City of Ontario on official business.

This Travel and Expense Reimbursement policy is effective July 1, 2024, and supersedes any other travel and expense reimbursement policies or administrative policies related to the matters included in this Travel and Expense Reimbursement policy. Under the provisions of the Public Records Act, all Statement of Expenses Forms, Travel Request and Authorization Forms, and any accompanying receipts are public records and subject to disclosure.



CITY OF ONTARIO

ADMINISTRATIVE POLICY

1.0 POLICY REQUIREMENTS

1.1 Substantiation of Expenses

- a. All expenses must be accompanied by a detailed receipt or supporting documentation, except for meals and incidental expenses as the City of Ontario offers a per diem rate as an option in-lieu of actual meals and incidental costs. Failure to provide such documentation will result in denial of reimbursement.
- b. Individuals are expected to show good judgement in nature of expenses incurred during traveling. Expenses for members of the individual's family who accompany him/her on a trip are not reimbursable. The expense report must reflect only the expenses incurred by the elected/appointed official, employee, or volunteer for that specific travel.
- c. The City of Ontario reserves the right to deny reimbursement of expenses that are considered lavish, extravagant, or are unsupported by required documentation. Unusual expenses incurred due to special circumstances may be approved by the City Manager or designee, when in the City Manager's judgement, such expenses are justified.

1.2 Falsification of Expenses

- a. Submitting fraudulent receipts or falsifying your expense report will result in loss of your reimbursement privileges and may lead to disciplinary action, up to and including termination of employment. (Also see Violation of Policy Section.)

1.3 Eligible Expenses

- a. Expenses shall be appropriately related to City business. Expenses incurred in connection with the following types of activities generally constitute authorized expenses, if the other requirements of this policy are met:
 - i. Attendance and participation in regional, state, and national organizations whose activities affect the City's interests;
 - ii. Communicating with representatives of regional, state, and national government on City policy positions;
 - iii. Attendance and participation in conferences, workshops, training, and educational seminars to improve skills and information levels;
 - iv. Attendance at events that recognize service to the City by others;
 - v. Attendance at other events in an official capacity, including attendance and participation in international trade promotions and economic development program activities, and other activities to promote the interests of the City;



CITY OF ONTARIO

ADMINISTRATIVE POLICY

- vi. Implementing an approved strategy for attracting or retaining businesses to the City, which will typically involve at least one staff member; and
 - vii. Expenses incurred relating to the ongoing operations of City business, such as materials and supplies, membership dues, equipment and tools, and certifications. These expenses should not exceed \$500 without the prior approval of the Executive Director of Finance or designee.
- b. Reimbursement of expenses for other City business shall require prior approval by the City Manager or designee, with the concurrence of the Executive Director of Finance or designee. In the event an official or agency/department head is uncertain as to whether a request complies with this policy, such individual should seek resolution from the City Manager and the Executive Director of Finance. Any questions regarding the propriety of a particular type of expense should be resolved by the approving authority before the expense is incurred.

1.4 Non-Reimbursable Expenses

Examples of non-reimbursable expenses include, but not limited to, the following:

- Alcohol
- Tobacco and Other Related Products (i.e., e-cigarettes, vape, hookah, etc.)
- Internet (except when pre-approved by the Agency Head)
- Car Repair and Maintenance (including car washes)
- Credit Card Interest Charges
- Day-Care for Children/Dependents
- Expenses Reimbursed by another Agency, Supplier or 3rd Party
- Fees for Upgrades of Air, Hotel (including early check-in), or Auto; Unless Pre-Approved by the City Manager or Designee
- Flowers/Plants (except for City sponsored events and employee/retiree/City official funeral and/or memorial services)
- Headphones on Airlines
- Health Club Fees
- Laundry or Dry-Cleaning Services
- Medicines/Drugs (prescription and over the counter)
- Movies (either in-room, on the plane/train, or at the theater)
- Personal Bar Bills
- Personal Books, Magazines, or other Entertainment
- Personal Celebrations, including Birthdays, Baby Showers, Going-Away or Farewell, Promotions, Retirements (except a retirement cake for an Ontario employee, elected/appointed official or volunteer will be reimbursable), Wedding Showers, etc.
- Personal Losses incurred during the Business Trip
- Personal Travel Credits and Credit Card Points Utilized to Pay for City Travel, Lodging, and Other Items Related to City Business



CITY OF ONTARIO

ADMINISTRATIVE POLICY

- Personal Travel Portion during, before or after the Business Trip
- Pet Hotel Stays or Pet Transportation
- Political or Charitable Contributions
- Rental/use of scooters, motorcycles, bicycles, and other motorized/non-motorized equipment (excludes the rental of vehicles through the City's corporate account)
- Spa Treatments, Massages, Hair Cuts and other related costs, Manicures, or Pedicures
- Sporting Events, Theater, Cinema, Opera, or Concert Tickets
- Spouse's/Partner's Expenses if Accompanying a City of Ontario Employee on Travel
- Toiletries
- Toll Road Fees (Commuting from Home to/from Work)
- Traffic Citations (Parking Tickets, Fines, or Toll Road Penalties)
- Travel in a Personal owned Aircraft, Boat or Non-Legal Vehicle for Streets/Roadways
- Valet Parking (if Self-Parking is Available at a Lesser Cost)

1.5 Travel/Spend Authorizations

- a. All City employees, elected/appointed officials, and volunteers must have their **Travel Authorization or Spend Authorization** submitted electronically in the Expense Module and approved by their Agency/Department Head for all City business travel outside of the Ontario city limits. All Spend Authorizations are subject to approval by the Executive Director of Finance or designee.
- b. All **out-of-state and/or out-of-country travel** on City business requires approval from the City Manager or designee. Travel Authorizations or Spend Authorizations must be approved prior to incurring expenses related to the travel and shall include an explanation of the purpose of the travel.
- c. Spend Authorizations are not required for emergency related travel including Fire Suppression personnel assigned to the Fire Strike Teams and City business related to City services provided to other municipalities (i.e., Dispatch Services). However, it is expected that approval is obtained through the normal process required of the City agency or department the City staff are assigned to.
- d. Receipts or other proof of fee for travel expenditures must be obtained and submitted with the travel expense report, except for meals and incidentals if the per diem option is being used. No travel expense reimbursement shall be made in excess of the actual cost of the travel.

1.6 Expense Report Submissions Deadline

- a. Travel Expense Reports are due within **30 days** of the travel. Failure to submit the completed travel reimbursement request electronically through the Employee Expense Module within the 30 days of the travel date may forfeit all reimbursable travel expenses.



CITY OF ONTARIO

ADMINISTRATIVE POLICY

b. When the travel reimbursement form is submitted beyond the 30-day time limit, a written explanation to the Executive Director of Finance or designee is required to explain the reason for the late submission before the employee's travel expense reimbursement request is processed.

2.0 REIMBURSEMENT REQUIREMENTS

2.1 Meals and Incidental Expenses

Reimbursement for meals and other incidental expenses while traveling on City business shall be based on either:

- a. **Actual receipted expenses** not to exceed a reasonable amount per meal or,
- b. **The IRS' established standard meal allowance**, also known as "Per Diem" amount, is the daily allowance amount for meals and incidental expenses while traveling as established and maintained by the Federal General Services Administration and as referenced in IRS Publication 463. The Per Diem amount is only available for travel that requires an overnight stay, and the full "Per Diem" amount is pro-rated 75% for travel days, as well as adjusted for any meals provided by the host or others at the travel event,
- c. Or for **travel outside the City of Ontario limits that consists of a full day** (8 hours or more) and with no overnight stay, full-time City employees are eligible to be reimbursed at the Federal General Services Administration established standard meal allowance amount included for lunch (currently \$16 for San Bernardino County) as a "Daily Allowance" for each day that consists of a full day and where lunch is not provided by the event. The Daily Allowance amount will not be pro-rated or given for any travel less than 8 hours.
 - i. Elected/Appointed Officials, Executive and Department Head employees, part-time employees, volunteers, and contractual individuals representing the City of Ontario on business related matters are **not** eligible for the "Daily Allowance"; however, they would be allowed to submit an actual receipt, to not to exceed a reasonable amount, for reimbursement. The "Daily Allowance" will be reimbursed when the expense statement is submitted.

2.2 Travel Advances

All full-time City of Ontario employees are eligible to request a travel advance for the applicable Per Diem amount for meals and incidental expenses based on the IRS' established rates. Elected/Appointed Officials, Executive and Department Head employees, part-time employees, volunteers, and contractual individuals representing the City on business related matters are **not** eligible for the Travel Advance. They may seek reimbursement for the applicable Per Diem amount when submitting their Expense Statement.



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- a. A Travel Advance request will be submitted electronically in the Expense Module at **least two weeks prior to the travel event**. The Travel Advance is only available for travel that requires an overnight stay and the full Per Diem amount is pro-rated 75% for travel days, as well as adjusted for any meals provided and/or paid by the host or others at the travel event. The travel advance is optional.
- b. **The Travel Advance will only include the IRS' established meal allowance**. It will not include any other expenses related to the travel event, including hotel stay, parking, event registration, air fare and other transportation costs, as well as any other travel cost incurred that does not fall under the IRS' established meal allowance. These costs will either be paid in advance (if possible) by the City via a request for payment submitted electronically to the Supplier Module and/or use of a City credit card.
- c. Those expenses not eligible for prepayment, will be paid by the attendee either through a City credit card or by the attendee directly. Reimbursement for those eligible expenses paid by the attendee, will be reimbursed after the travel event is concluded and the attendee has electronically submitted the Expense Statement in the Expense Module.
- d. **Only one Travel Advance** at a time will be issued to the requestor. If another Travel Advance is requested and the prior Travel Advance has not been settled with the submission of a completed Expense Statement, the other Travel Advance will be denied.
- e. When the employee has not fully utilized their per diem travel advance, the employee is required to remit the **unused balance to the City's central cashier** and submit the cashier receipt as proof of the repayment as supporting documentation when submitting their statement of expense.

2.3 Airfare and Other Transportation Costs

Elected/Appointed Officials, Agency and Department Head employees, full-time and part-time employees, volunteers, and contractual individuals representing the City of Ontario on business related matters shall use the most economical mode and class of transportation reasonably consistent with scheduling needs and cargo space requirements, as well as use governmental and group rates when available.

- a. **All airfare and other transportation costs** shall be paid either by the City using a City credit card and/or submitting a request for payment electronically through the Supplier Module. If not possible, then the airfare and other transportation costs will be paid directly by the individual traveling.
- b. **Airfare** shall be booked to and from Ontario International Airport. If extenuating circumstances exist, written justification must be provided to the City Manager or designee for approval before booking at a different airport. Airfare shall be booked as far in



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advance as possible to achieve the most reasonable airfares. Airfare expenses are limited to coach or economy classes available with commercial airlines. Airfares that are equal to or less than those available through the Enhanced Local Government Airfare Program offered through the League of California Cities, the California State Association of Counties, and the State of California are presumed to be the most economical and reasonable for the purposes of reimbursement under this policy. Due to the intricate nature of the City business conducted by members of the City's Executive team, additional airfare costs may be incurred with the prior approval of the City Manager or designee.

- c. **Train or Rail Travel** shall be utilized as an alternate form of transportation unless the cost of such service is greater than travel in a personal or city vehicle or the use of such service is impractical.
- d. **Baggage** is limited to two bags per employee except for when additional bags are needed due to the requirement to travel with equipment as it relates to City business.
- e. **Car Rental** shall receive prior approval by the Agency Head. The City of Ontario has a corporate account with Enterprise Rental Car Company. Elected/Appointed Officials and City employees shall use Enterprise unless availability and cost dictates otherwise. Coordinate all rental car reservations with the City's Purchasing Division. Guidelines to follow when renting cars:
 - i. Compact/economy models must be rented unless more than two people are traveling together.
 - ii. When two or more employees are traveling together, they should rent the most economical vehicle available.
 - iii. Gasoline charges by the rental company are not reimbursable. Rental car should be returned with a full tank of gasoline obtained prior to dropping off the vehicle.
 - iv. Rental cars should be returned to the original rental location to avoid costly drop-off charges.
 - v. Additional charges for optional insurance and upgrades offered by rental car agencies are not an eligible expense.
 - vi. Fuel costs, parking fees, and bridge or road tolls related to rental car travel are eligible for reimbursement based upon receipts.
- f. **Mileage Reimbursement for Travel** is the per mile reimbursement of all vehicle expenses for use of a person's private vehicle while on official City business. All reimbursements for mileage shall be submitted electronically through the Expense Module within 30 days of incurring the expense. Guidelines to follow when requesting mileage reimbursements:
 - i. Elected Officials, Agency and Department Heads, and other City staff that receive a Vehicle Expense Reimbursement Allowances or are issued a City vehicle for conducting City business are **not** eligible to receive Mileage Reimbursement for local travel.



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- ii. For employees and officials that do not receive a monthly Vehicle Expense Reimbursement Allowance for use of their personal vehicle, automobile mileage is reimbursed at Internal Revenue Service mileage reimbursement rates presently in effect under IRS publications shall apply.
- iii. These per mile rates compensate the employee for gasoline, insurance, maintenance, and other expenses associated with operating the vehicle. This amount does not include bridge and road tolls, which are reimbursable.
- iv. Use of a personal vehicle by an employee must be a vehicle that is legal to be driven on all City, State and Federal streets, roadways and highways, and must receive prior approval by the Agency/Department Head.
- v. If on official City business outside of the City boundaries, proof of mileage shall be included when submitting for reimbursement. Proof of mileage for City business travel within the City boundaries is not required.
- vi. When personal vehicles are approved as a mode of travel outside of the City boundaries, the distance shall be calculated based on the shortest distance from the employee's work location or the employee's primary residence to the point of destination, whichever is less.
- vii. The cost associated with using a personal vehicle for overnight travel should be compared to the cost of air or train travel and eligible rental car or other transportation expenses. If the costs associated with using a personal vehicle for overnight travel exceed the comparable costs associated with air or train travel, then the maximum mileage reimbursement shall be based upon the costs of air travel. Declaration of using a personal vehicle for overnight travel must be included in the Travel/Spend Authorization electronically submitted to the Expense Module and approved by the Agency/Department Head and the Executive Director of Finance or designee.
- g. **Travel in City Vehicles** may be approved when circumstances warrant it. When traveling in a City vehicle, receipts should be secured for the purchase of gas, oil, and other supplies necessary while in route. These amounts should be included in the expense statement, with a notation that a City vehicle was used, indicating the fleet number of the vehicle. The amounts of these charges must be included in the transportation category. If emergency repairs are necessary, the person to whom the vehicle is assigned must contact their Agency/Department Head, as well as the Fleet Services Manager to determine proper course of action. All receipts for such payment must be furnished to obtain reimbursement.
- h. **Monthly Auto Allowance** is a monthly amount paid to elected officials and Agency/Department Heads as for all expenses related to the operation and maintenance of a vehicle for local use on official City business. The monthly Vehicle Expense Reimbursement Allowance shall be as specified in the Compensation Profile for Executive Management Employees, Department Head Employees, and Association of Ontario Management Employees. Those elected officials and employees receiving a monthly auto allowance are not eligible for mileage or fuel reimbursement unless personal vehicle travel is in excess of 250 miles and prior approval from the City Manager is granted.



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- i. **Toll Road Fees** can be reimbursed when traveling to and from a City business-related event.

2.4 Hotel and Lodging Expenses

Eligible costs for Hotel and Lodging are generally the group rate for lodging when attending conferences or the government rate, when available.

- i. The maximum Lodging Expense Amount is **\$495.00 per night excluding hotel parking fee, data fees and taxes as of July 1, 2024**. This maximum rate shall be increased annually based upon the percentage change in the Consumer Price Index (CPI) for the Riverside-San Bernardino-Ontario region.
- ii. Any hotel or lodging costs greater than the maximum allowed per night will require prior approval from the City Manager or designee and concurrence with the Executive Director of Finance or designee.
- iii. Hotel/Lodging accommodations should be appropriate to the purpose of the trip. Individuals are expected to use good judgement in the selection of hotel/lodging accommodations offering competitive rates. Guidelines to follow when reserving accommodations for hotel or lodging:
 - i. Hotel or lodging accommodations are allowed when the overnight event is greater than **30 miles away** from the employee's work location or primary residence (whichever is less), or longer than a **60-minute commute one way**.
 - ii. With advance City Manager approval, hotel reimbursement may be authorized for multi-day events that take place in cities less than 30 miles from the employee's work location or primary residence.
 - iii. Overnight stays at Airbnb's and other short-term rentals will **not** be approved.
 - iv. Sharing accommodations with other City of Ontario employees is not mandated nor encouraged.
 - v. For one-day seminars, conferences or other travel, hotel/lodging accommodations are not reimbursable unless approved in advance by the City Manager or designee and appropriate due to the locations or event schedule.
 - vi. The City does not reimburse for hotel/lodging stay if the employee wishes to stay one day after the conference has been completed in the Pacific Time Zone. If the conference is in the Mountain, Central, or Eastern Time Zones, the employee may travel the day after the conference has been completed.
 - vii. The hotel in which the individual decides to stay should be located within walking distance to the event or place of business, where possible, to minimize the need for transportation – rental car, bus, taxi, ride share (Uber/Lift), trolley, etc.



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- viii. The individual shall pay for any extra hotel charges, including but not limited to, the following: newspapers, snacks, snack bar, mini bar, pay per view TV, access to internet services (unless prior approval is obtained by the Agency Head), access to the hotel gym, spa treatment, dry cleaners, laundry, valet parking (if self-parking is available), etc.
- ix. **No alcohol or other prohibited expenses are allowed** on the hotel/lodging receipt. It is the responsibility of the attendee to be responsible for payment of those expenses on a separate invoice.
- x. An employee shall notify the City in advance if they are opting for other lodging arrangements, such as staying with family and/or friends during their travel. These other accommodations are not reimbursable.
- xi. In the event of an emergency, lodging expenses incurred within the City of Ontario's boundaries (for example, the Fire Strike Team), shall be reimbursed in accordance with this Travel and Expense Reimbursement Policy as it relates to City business. These lodging expenses shall receive prior approval from the designated Director of Emergency Services and/or Incident Commander.
- xii. Planning Advisory Board, Chaplains, West End Emergency Response, and other personnel from other cities lodging may be reimbursable by the City of Ontario only with prior approval of the City Manager or designee.

2.5 Other Miscellaneous Reimbursements

a. Commercial Driver's License Reimbursement

City employees who are required to obtain and maintain a commercial driver's license (Class A or Class B) per their respective bargaining group's Memorandum of Understanding (MOU) shall be reimbursed by the City for the difference between the commercial driver's license fee and the Class C driver's license fee, subject to the approval by their respective Agency/Department Head and the Executive Director of Finance or designee.

b. Membership Dues and/or Certifications Reimbursement

Membership dues and/or certifications are eligible for reimbursement if they are related to the City employee's job at the City, subject to approval by their respective Agency/Department Head and the Executive Director of Finance or designee.

c. Out-of-Pocket Expense Reimbursement

Qualified expenses incurred by employees related to City business (materials, supplies, etc.) are eligible for reimbursement, subject to approval by their respective Agency/Department Head and the Executive Director of Finance or designee.



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d. Safety Shoe Reimbursement Allowance

Employees who are required to wear safety shoes shall be reimbursed up to amount specified in their respective bargaining group's Memorandum of Understanding (MOU) per fiscal year for such shoes. The shoes shall meet ASTM or other industry approved standards appropriate for the employee's work assignment and classification, as determined by the Agency/Department Head and Executive Director Human Resources/Risk Management.

e. Technology Expense Reimbursement Allowance

Elected officials shall receive a monthly technology expense allowance to reimburse for all expenses related to monthly cellular telephone charges, additional telephone charges for facsimile machine use at their residences and/or offices, internet access and account maintenance charges to maintain internet access at their residences and/or offices, which may be necessary in the conduct of City business.

f. Tuition Reimbursement

To encourage all City employees to continue educational development, specified employees may be eligible for reimbursement of tuition expenses, per the guidelines stated in their respective Memorandum of Understanding (MOU). Tuition reimbursements are subject to the approval by their respective Agency/Department Head, Executive Director Human Resources/Risk Management or designee, and Executive Director of Finance or designee.



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3.0 Reporting Requirements for Elected and Non-Elected Officials

3.1 Elected Officials - Mayor, City Council, City Clerk and City Treasurer

At the first City Council meeting following a meeting attended at City expense and during the Council Matters section of the City Council Meeting Agenda, members of the City Council (Elected Officials, including the Mayor, City Council, City Clerk, and City Treasurer) shall provide a brief oral or written report regarding a meeting or conference attended at City expense. In accordance with Government Code Section 53232.3(d), the term "meeting" shall mean a meeting of the majority of the members of a legislative body as defined in the Brown Act. For example, if three Council Members were to meet with a Congressperson in Washington D.C. regarding an item concerning the City of Ontario, then the Council Members would be required to report such attendance at the next regular City Council meeting. A joint report may be made. In addition to the mandatory reporting set forth above, when Council Members attend a conference or organized activity conducted in compliance with Section 54952.2(c) of the Government Code, a report shall be made.

3.2 Non-Elected Officials – Commissioners and Board Members

At the first Commission or Board meeting following a meeting or conference attended at City expense and during the Commissioner/Board Reports section of the Commission or Board Meeting Agenda, members of the Commission/Board shall provide a brief oral or written report regarding a meeting attended at City expense. In accordance with Government Code Section 53232.3(d), the term "meeting" shall mean a meeting of the majority of the members of a legislative body as defined in the Brown Act. A joint report may be made. In addition to the mandatory reporting set forth above, when Commissioners or Board members attend a conference or organized activity conducted in compliance with Section 54952.2(c) of the Government Code, a report shall be made.

This applies to all appointed members of the Planning Commission, Recreation and Parks Commission, Library Board of Trustees, Museum of History and Art Board of Trustees, and Public Art Advisory Commission.

Reporting requirements do not apply to others covered by this policy.



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4.0 Violation of Policy

4.1 Violation of Policy – Elected Officials

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 agency's reporting the expenses as income to 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, and 5) prosecution for misuse of public resources.

4.2 Violation of Policy – Non-Elected Officials and City Employees

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 agency's reporting the expenses as income to 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, and 6) disciplinary action, up to and including termination of employment.

SUPPLEMENTAL

REFERENCES

ATTACHMENTS

REVISIONS

	Revision
Revision #1	November 7, 2023
Revision #2	July 1, 2024



CITY OF ONTARIO

MEMORANDUM

TO: Scott Ochoa, City Manager

FROM: Armen Harkalyan, Executive Director of Finance

DATE: July 17, 2024


SUBJECT: Reimbursement of Airfare Costs for Personnel Recruitments

The proposed item included below will be an addendum to the current City of Ontario Travel Expense Policy (FSA-001) that was approved by City Council on July 17, 2024.

2.3 Airfare and Other Transportation Costs

j. Subject to the approval of the City Manager or designee, and the Executive Director of Finance, certain personnel recruitments of Executive and Department Head classification positions only, may be eligible for reimbursement of airfare costs up to a maximum amount of \$500 for one-time travel to the City of Ontario for the final interview selection process.

Approved:



Scott Ochoa, City Manager

6/17/2024

Date



ADMINISTRATIVE INSTRUCTION

SUBJECT: Travel and Meeting Expenses
and Mileage Reimbursements

NUMBER: IV-2-1

EFFECTIVE DATE: May 1, 2019 (R)

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I. Purpose

The purpose of this administrative instruction is to set policy and establish procedures for travel, meeting, and mileage reimbursements. The policy ensures that travel expenses are reasonable and appropriate and reimbursements are not reported as taxable income to the individual. The procedures establish paperless reimbursement processing and retention.

II. Scope

This administrative instruction relates to costs incurred while traveling on City business or attending meetings and for costs associated with the use of a private vehicle for work-related transportation. The policy applies to any individual that conducts business on behalf of the City of Santa Monica including Council members (pursuant to Santa Monica Charter section 602(c)), members of City Boards and Commissions, City staff members, and contractors.

III. Policy Overview

The City reimburses for attendance at professional conferences, seminars, trainings, and meetings contingent on approval. Staff members must receive pre-approval from their Department Head or Division Manager.

The reimbursement procedures in this AI conform to the IRS Accountable Plan rules for business travel related expenses, and require that: expenses have a business connection, expenses are adequately accounted for within a reasonable amount of time, and any excess advance is returned to the City. If reimbursements do not follow the requirements in this document, the IRS may consider such payments as wages subject to payroll tax withholding.

Other policies or agreements contain travel reimbursement requirements, including, but not limited to bargaining unit agreements, grant agreements, and specific contracts. When requirements conflict, staff members must abide by those that are most restrictive. Departments may establish internal policies consistent with this AI.



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Reimbursable costs are limited to the following general classifications of costs:

Type of Cost	Reimbursement method
A. Meals and incidentals	Based on per diem rate, receipts not required
B. Lodging	Submit an itemized receipt
C. Transportation (air, bus, taxi, Uber/Lyft or similar services, rental vehicles)	Submit an itemized receipt
D. Mileage Reimbursement	Submit Mileage Reimbursement Claim Form for use of a personal vehicle
E. Other Expenses (registration fee, parking, internet and phone charges)	Submit an itemized receipt
F. Peace Officers Standards and Training (P.O.S.T)	Submit a Training Expense Advance Request Form

More information on reimbursable costs is found in Section IV.

The City purchasing card is the preferred method for advanced payment of airfare, lodging and registration. Staff members must adhere to the Purchasing Card Administrative Instruction as guidelines for all advance purchases.

In the event that travel plans are cancelled, the staff member should make every effort to receive a full refund for all travel expenses and deposits. If a travel voucher is provided in lieu of a refund, it must be used for City-related travel.



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IV. Travel Costs/Eligible Expenses

A. *Meals and Incidentals*

The City will reimburse staff members for meal and incidental (M&IE) costs not to exceed the Federal Government per diem allowance rates (see below). Receipts are not required if the federal per diem amount is not exceeded for each day of travel.

- Travel within the United States: Domestic Per Diem Rates established by the General Services Administration (GSA) for meal and incidental reimbursements. The rates vary by destination and are available on the GSA website (www.gsa.gov).
- International travel: Foreign Per Diem Rates established by the U.S. Department of State. See the U.S. Department of State for Foreign Per Diem Rates (www.state.gov).

When claiming the per diem amount:

- Purchasing cards cannot be used
- Proof of time, place and business purpose must be clearly documented on the cover of the Travel and Meeting Expense Report and attached itineraries, registrations and travel documentation must support this purpose
- Meals, tips, tax, beverages (no alcohol) and incidentals are included in these per diem amounts and **should not** be itemized on the Expense Report. Incidentals are fees and tips given to baggage carriers, bellhops, hotel staff and for transportation between places of lodging or meetings and places where meals are taken.
- The GSA Meals & Incidental Total amount should be printed from the website and attached to the Expense Report



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Paying for Another Staff Member's Meal

If a staff member incurs a meal cost for themselves and other City staff members, the staff member incurring the cost will receive the portion of the per diem rate relating to the particular meal for each staff member they paid for. All attendees must be documented on the expense reimbursement documentation.

Meal Allowance for the First and Last day of Travel

Per IRS and GSA guidelines, staff members are eligible for 75% of the total M&IE rate on the first and last day of travel, regardless of the time of departure or return.

Conference Provided Meals

If the conference host provides meals to attendees for no additional charge, staff members must pro-rate the per diem to exclude the meal provided as follows:

- 20% of per diem for breakfast
- 30% for lunch
- 50% for dinner

Meal Allowance for Local Travel Outside of City limits

If a staff member is scheduled to begin travel after the start of his or her regular work day, no allowance may be claimed for breakfast. If a staff member is scheduled to begin travel after their regular lunch break, no allowance may be claimed for lunch.



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SUBJECT: Travel and Meeting Expenses
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Exceptions to the Meal Per Diem

Business meetings at which City staff and external parties meet to discuss City business and where City staff have no control over the choice of location and associated cost are considered an exception to the per diem policy. In such cases, the City reimburses business meal expenses at the actual cost, subject to Department Director approval. The itemized business meal reimbursement receipt must be included in the Travel and Meeting Expense Report and backup must clearly document:

- The amount of the expenditure;
- The date and place of the expenditure;
- The business purpose of the expenditure;
- Brief justification for the cost above established per diem; and
- The name(s) of the individuals participating in the expense.



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B. Lodgings

The City reimburses for a standard single room (including taxes) for as many nights as necessary. If travel is related to a professional conference, it is often preferable to stay at the hotel hosting the conference.

Hotel costs shall not exceed the maximum group rate published by the conference or activity sponsor. If the conference-designated lodging location is unavailable, travelers are expected to use the most economical alternative.

Staff members shall use a City purchasing card or a personal credit card to hold a reservation. The City will not reimburse a staff member for unused reservations unless the staff member's supervisor determines that circumstances requiring the cancellation were beyond the staff member's control.

Staff members should identify themselves as City staff members when making reservations and ask if they are exempt from local transient occupancy taxes.

Staff members must submit an itemized hotel receipt for reimbursement. The City will not reimburse a staff member for lodging if the Staff member chooses to stay with a friend or relative while attending an out of town meeting or conference.



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SUBJECT: Travel and Meeting Expenses
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C. *Transportation*

Staff members are encouraged to take the most direct routes; and staff members traveling to the same event are encouraged to carpool.

Any travel outside the Southern California area will be by air at coach fares. First class and Business class travel is prohibited. Amenities not required for travel shall not be reimbursed.

The City reimburses staff members for reasonable ground transportation (taxi, Uber/Lyft or similar service, train, bus or personal vehicle) between the airport and office or home. When using a personal vehicle, long-term airport parking must be used for travel exceeding 24 hours.

Individuals must obtain prior approval for use of a rental vehicle from the Department Director or Division Manager and it must be justified as an economical business necessity. Staff members are encouraged to select the vehicle that represents the most cost-effective option. Optional insurance offered by the rental agency is not a reimbursable expense. Staff members should work with Risk Management for questions regarding insurance.

For reimbursement, staff members must submit itemized parking and rental car receipts with the Travel and Meeting Expense reimbursement form.

The City offers staff members access to City-owned vehicles to attend local conferences, meetings and workshops.

- Staff members who use City-owned vehicles must comply with the vehicles reservation rules before reserving a car (available on the City's intranet).
- All City-owned vehicles must be refueled at City Yards (2500 Michigan Avenue) or behind Big Blue Bus (5th and Olympic). If emergency gasoline is required while traveling on City business, the expense reimbursement will require a gas station receipt.



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D. Mileage Reimbursement

The City will reimburse the owner of a personal vehicle at the current per mile rate established by the IRS ([IRS rate](#)). To drive a personal vehicle on City business, staff members must possess a valid California driver's license and meet the minimum financial responsibility requirements as prescribed by the State Vehicle Code ([CVC 16058](#)). Mileage reimbursements shall constitute full payment by the City for all costs associated with vehicle operation, including fuel, lubricants, repairs, depreciation and insurance. Mileage is calculated from the staff member's residence or work to the destination, whichever is less. The City also reimburses individuals for reasonable parking costs associated with the use of private vehicles while conducting City business.

City staff must submit reimbursement requests associated with the use of private vehicles using the Mileage Reimbursement Claim form (available on the City's intranet) with the following backup:

- description of the business purpose of vehicle use.
- map printout supporting the total miles driven for which reimbursement is sought, and
- scanned copy of parking receipts (if applicable)

E. Other Expenses

Other costs incurred by a staff member that may be eligible for reimbursement include, but are not limited to, registration fees, printed materials, training materials, costs associated with local meetings as either host or participant.

The City will reimburse staff members for reasonable business internet costs. The business purpose must be clearly documented on the expense reimbursement documentation.



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F. Peace Officers Standards and Training (POST)

Police personnel participate in Peace Officers Standards and Training. The City advances the daily per diems established by the Commission on Peace Officers Standards and Training for lodging and meals. Request for advances must be submitted on a Training Expense Advance Request form, approved by the Division Lieutenant or Captain, and submitted to Accounts Payable within 14 days of the departure date. A copy of the vendor reservation confirmation must be attached to the request. Unused funds from an advance or for cancelled trainings must be returned to the City within ten working days.

G. Non-reimbursable expenses

Non-reimbursable expenses include, but are not limited, to:

- 1) Traffic violations or private auto repair;
- 2) In-room movie and mini-bar charges;
- 3) Alcohol purchases;
- 4) Entertainment, or health club fees;
- 5) Cost of personal trip insurance, optional liability insurance and medical and hospital services;
- 6) Meals that the City otherwise reimburses the staff member for as included in the cost of conference/meeting fees; and
- 7) Clothing or other personal items.



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V. Required Documentation

Staff members shall prepare a Travel and Meeting Expense Report using the template posted on [eDesk](#) even if the staff member used a City purchasing card for all travel costs which results in no reimbursement to the staff member. All purchasing card charges associated with travel and meetings must be included on the Travel and Meeting Expense Report.

In the event that the staff member owes the City a refund, the staff member must scan the approved report and receipts electronically and send a check made payable to the City of Santa Monica to the Accounts Payable Supervisor.

The approved Travel and Meeting Expense Report along with documented per diem rates, itemized receipts for lodging, airfare, parking, conference expenses and itinerary, and other supporting documentation must be submitted electronically to the Accounts Payable unit no later than 10 business days after completion of the trip. Scanned copies are sufficient for receipts and other supporting documentation. The scanned copy must exhibit a high degree of legibility and readability. Departments should retain the original of receipts and other documentation until A/P has approved the reimbursement.



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SUBJECT: Travel and Meeting Expenses
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VI. Procedures and Responsibilities

PROCEDURE

RESPONSIBLE PERSON(S)

- | | |
|---|--|
| 1. Obtain approval for travel or attendance at meeting | Staff member |
| 2. Approve staff member request for travel or attendance at meeting after confirming sufficient budget is available | Department Director or Division Manager |
| 3. Accumulate records of all travel costs incurred: documented per diem rates for meals and incidentals and required itemized receipts for all other travel expenses | Staff member |
| 4. Prepare a Travel and Meeting Expense Report and attach all required supporting documentation | Staff member |
| 5. Review and approve the staff member Travel and Meeting Expense Report | Department Director or Division Manager |
| 6. Submit electronic copy using Tyler Content Manager (TCM) of approved Travel and Meeting Expense Report and all supporting documents for reimbursement to Accounts Payable unit within 10 working days of last travel day | Staff member/Department staff responsible for Accounts Payable |
| 7. Retain electronic copy of approved Travel and Meeting Expense Report and all supporting documents per the City's retention policy | Department and Staff member |



ADMINISTRATIVE INSTRUCTION

SUBJECT: Travel and Meeting Expenses
and Mileage Reimbursements

NUMBER: IV-2-1

EFFECTIVE DATE: May 1, 2019 (R)

PAGE: 12 of 13

VII. Sources of Additional Information

The Travel and Meeting FAQ on [eDesk](#) provides additional information related to travel. Finance staff will update the FAQ and travel and meeting mileage rate information as necessary, and will maintain the information on the [Finance intranet \(desktop.private/finance\)](#).

VIII. Exceptions

Exception to this policy must be pre-approved by the Finance Director. Department Directors may request an exception by sending an email request to the Finance Director, with justification for the exception. Department staff shall attach a copy of the Finance Director's email approving the exception to the Expense Report.

IX. Compliance

Individuals that travel or attend meetings on official City business, or supervise someone who does, are responsible for knowing and following this administrative instruction. Failure to comply with the requirements in this Administrative Instruction or Federal Government guidelines could result in corrective action, suspension of travel, and/or taxation of reimbursements.

X. Forms

- A. [Travel and Meeting Expense Report](#)
- B. [Mileage Reimbursement Claim Form](#)
- C. Training Expense Advance Request Form (PD only)
- D. [Vehicle Accident Report Form](#)



ADMINISTRATIVE INSTRUCTION

SUBJECT: Travel and Meeting Expenses
and Mileage Reimbursements

NUMBER: IV-2-1

EFFECTIVE DATE: May 1, 2019 (R)

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XI. Related Policies and Procedures

- A. [Purchasing Card Administrative Instruction](#)
- B. Travel and Meeting FAQ (*coming soon*)
- C. [Petty Cash Administrative Instruction](#)
- D. [Vehicle Accident Reporting Procedures Administrative Instruction](#)

XII. Authorized By

A handwritten signature in blue ink that reads "Rick Cole".

Rick Cole
City Manager



Item No. C.1.c
Finance Committee
September 23, 2025

**REVIEW OF RETROSPECTIVE RATING PLAN CALCULATION –
REDUCE MINIMUM CONTRIBUTION AND INCREASE CLAIMS CAP**

ISSUE: This item is a continuation of the RPC discussion of the prior Finance Committee (FC) Meeting held on September 4, 2025.

The Committee gave the Program Administrators direction to bring back for today’s meeting at an interactive demo of the RPC to see an example of what happens with a \$3M claim for Monterey.

The Finance Committee has expressed desire to see alternate options for the formula, namely around the claims cap and minimum contributions. There are questions as to whether it would be appropriate to raise the cap from the current \$4M to \$9M to coincide with the increase in ACCEL’s retained layer. Also, whether the minimum should be removed or reduced.

The RPC is calculated in the following steps:

Step 1: Determine a Member’s Contribution. Members’ Contributions depend on the size of the member using payroll, any losses the members incur and the rate charged.

$$\left\{ \left[\left(\frac{\text{Payroll}}{\text{TotalPayroll}} \times 65\% \right) + \left(\frac{\text{Claim}}{\text{TotalClaims}} \times 35\% \right) \right] \times \text{TotalClaims} \right\} = \text{MembersContribution}$$

Step 2: A 3% minimum Member Contribution is established. If a Member’s Contribution is less than 3%, the difference is deducted from all other members. This process is recalculated until the 3% minimum is met.

Effective for the Program Year starting July 1, 2021 and following: The Board took action at the June 2021 Board Meeting to modify the calculation as follows;

- The Minimum Contribution in **IIIC. Rating Plan Calculation (RPC) Formula, Step 2** changed from 3% to 2%

Step 3: A maximum Member Contribution is established. The member with the smallest payroll will pay no more than 3 times their pool deposit towards any Claim, and the member with the largest payroll will pay no more than 2 times their pool contribution towards any Claim. All other members’ maximum Member Contribution will be scaled on a logarithmic curve. In the event that all Members reach their Maximum Contribution, an assessment is made, based on percentage share of payroll.

Final Step 4: A claims cap of \$4,000,000 per claim is established. The first \$4,000,000 of each claim is allocated by the determined Member Contribution. Amounts in excess of \$4,000,000 per claim will be allocated by members’ percentage share of payroll.



RECOMMENDATION: It is recommended that the Committee review and may take action to make a recommendation to the Board at the October 2025 Board Meeting to remove the minimum effective July 1, 2026 or provide direction.

Additional Consideration

In favor: A vote in favor indicates that by removing the minimum, more money is assessed from the loss leaders, and it gives more money back to the Members with good or no claims experience. There is no difference when reducing the minimum from 2% to 1% to removing the minimum, because all the Members are not hitting the minimum.

Also, some of the smaller Members are becoming a smaller share of the pool, as other Members' payroll has been significantly increasing. One Member is getting closer to their payroll share of 2% and as that is declining, they will be assessed due to the minimum requirement.

If ACCEL wanted to add a new Member, the smaller Members will get even smaller and they will be continuing the current trend of becoming smaller. We will run into the issue of a 1% minimum, so why have a minimum?

Against: A vote in against indicates that Members feel that this modification to the formula impacts the larger Members too significantly as it will provide less money back to them when they provide a bigger proportion of the deposits since their payroll is greater.

FISCAL IMPACT: The fiscal impact cannot be determined at this time.

BACKGROUND: The RPC calculation was adopted in 2008 after several years of review with ACCEL's Underwriting Committee, Board and consultants. Since 2008, no modifications to the calculation have been made.

Since inception in 1986, ACCEL has utilized a Retrospective Rating Plan (RRP) that bases its percentage Share of Loss on both payroll and loss experience. Each Member's size has an impact on the weighting of its loss experience through a Creditability Factor. There has been an interesting turn of events the past few years and this has caused Members to question the relevancy of the RRP for ACCEL, as the pool exists today.

For instance, the two largest members, Anaheim and Santa Monica have had their loss sharing percentages fluctuate from as low as 6% to as high as 33% on a historical basis. In the early years, Anaheim generally had the pool's highest percentage of shared losses. Now, Anaheim's percentage is quite low and Santa Monica's is quite high. Many things have changed since 1986; payrolls have increased, losses have experienced inflation, et cetera.



ACCEL's Underwriting Committee was assigned the task of examining the appropriateness of the current RRP and of the various factors which influence the calculations and, therefore, the percentage of shared losses for which each Member is responsible. The following is a timeline leading to the Underwriting Committee's recommendation.

2005 At the October 2005 Strategic Planning Session, members were concerned that the Retrospective Rating Plan could be calculating errors in Members' Percentage Share of Claims. This became more of a concern for the City of Santa Monica because of the final Retro figures that were approved in June in 2005. For example, the percentage share of claims for City of Santa Monica and Anaheim (the largest member) were compared and there was clearly a significant change in the percentages share of losses for Santa Monica. The Underwriting Committee

2006 February Board Meeting - The Board directed the Underwriting Committee to review the Retrospective Rating Plan formula with the Program Administrators to discuss the manipulation of factors of the formula such as Credibility and loss stratification parameters. This process would assist in determining any errors in the formula.

March Underwriting Committee Meeting - The Underwriting Committee met in San Francisco to analyze the Retrospective Rating Plan, along with John Alltop, ACCEL's Actuary, who joined via telephone. Simulations were calculated and thereafter, it was agreed that a prudent step would be to obtain the opinion of qualified actuaries who would offer their opinions on things such as, but not limited to, (i) whether the RRP, in its present form, is in need of revision, (ii) what specific variables or fixed numbers, if any, in the RRP should be revised to update the RRP, (iii) are the fluctuations evident in the attachments unusual for a pool of this size and nature (i.e., an excess pool with a \$1,000,000 attachment point), and (iv) if the Board wishes to move toward a revision of the RRP in order to lessen the percent-of-shared loss percentage fluctuations, which specific variable and fixed factors in the RRP should most appropriately be altered, and, if any, by how much. In a response, we would be looking for some actuarial-type support for any changes or recommendation, as well as the pros and cons of such changes.

October Board Meeting – After a review of the actuary opinion letters received, the Underwriting Committee recommended that the Board obtain John Alltop of Bickmore Risk Services to assist in the Rating Plan review process, at which time the Board approved a budget for.

Two November Underwriting Committee Meetings – John Alltop introduced a new formula, and the Program Administrators ran side-by-side comparisons of the existing formula and Alltop's proposed formula, which was added to include the ability to manipulate minimum and maximum amounts weighted on payroll or losses. The Committee reviewed various scenarios and agreed to work in the direction of adopting a new formula, rather than amending the current Retrospective Rating Plan formula.

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2007 January Underwriting Committee Meeting – The Committee discussed different parameters of the new Rating Plan Calculation formula and approved recommendation to the Board, the following parameters to determine Members Contribution.

Preliminary Member Contribution, Weighing Payroll-to-Losses		Minimum Member Contribution	Maximum Contribution “Curve”	Apply Claim Cap Maximum
<i>Payroll</i>	<i>Losses</i>	3.00%	200% - 300%	\$4,000,000
65%	35%			

February 1st Board Workshop – Board Members were invited to this workshop to see an introduction of the new Rating Plan Calculation. The recommendation from the Underwriting Committee was heard at the February 13, 2007 Board Meeting.

2021 January 2021 Board Meeting – The Board took action to form an Ad Hoc Committee with the key players from the Underwriting and Finance Committee Members along with a large and smaller Member. Both reviewed and provided some feedback in review of the calculation which are to consider a change in the 3% minimum contribution, and should there be a change due to the corridor deductible? The Board formed an Ad Hoc Committee. The Ad Hoc Committee consisted of City of Modesto (Medium Member), Palo Alto (Large Member), Santa Barbara (Medium Member), Santa Monica (Large Member), and Visalia (Small Member).

February 2021 Ad Hoc Committee Meeting – The Committee met and wanted to invite Mike Harrington, ACCEL’s Actuary to the next meeting. Direction was given to create a demo that includes the City of Salinas as the City joined ACCEL 1/1/2019. The Committee’s goal is to review for small revisions and tweaks (if necessary), not an overhaul of the methodology.

April 2021 Ad Hoc Committee Meeting – Mike Harrington attended the meeting and provided input. The discussion points were if the 3% minimum contribution should be adjusted down, and whether the allocation should be adjusted for payroll and claims. The Committee recommended to the Board to change the minimum contribution to 2% effective July 1, 2021. The Committee did not want to do anything retroactive such as changing it when Salinas joined mid term on January 1, 2019.

June 2021 Board Meeting - The Board took action to adopt the Committee’s recommendation to change the minimum contribution to 2% effective July 1, 2021. By doing this, the formula will allow smaller Members to reduce their share of loss and receive a greater return.

March 2022 Finance and Board Meetings: Since the Financial Plan falls under the Finance Committee’s purview, edits to the Financial Plan were discussed at the March 2022 Finance Committee Meeting. The Financial Plan proposed changes were adopted at the March 31, 2022 Board Meeting.

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At the June 2017 Board Meeting, the board took action to administratively suspend fiscal years up to FY 2007/08, and this year's retro calculation shows the prior funds on account, rolling forward to the FY 2008/09 year.

At the June 2024 Board Meeting, the Board took action to administratively suspend fiscal years up to FY 12/13, and this year's retro calculation shows will show the prior funds on account, rolling forward to the FY 13/14 year.

Also, please remember that the FY 2020/21 year calculation is the test year, and is calculated in the retro formula.

At the January 23, 2025 FC Meeting, the Committee discussed the current parameters of the Retrospective Rating Plan Calculation and whether adjustments should be considered or ultimately implemented. Direction was given to the Program Administrators to bring this item back to the Committee at a later date with a demonstration of a change in the cap from \$4M to \$9M with a lower or no minimum contribution.

ATTACHMENT: ACCEL Financial Plan

SEPARATE: Interactive RPC Model

ADMINISTRATIVE POLICY AND PROCEDURE

SUBJECT: FINANCIAL PLAN

DATE: 1987

AMENDED DATE: June 12, 2025

REVIEWED DATE: September 4, 2024

STATEMENT

The purpose of this Financial Plan is to capture the variety of interrelated financial activities associated with managing the ACCEL Shared Risk Liability Program and the funds held by the Authority on behalf of Members for payment of claim-related expenses.

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SUMMARY

The ACCEL Liability Program is designed and intended to share risk among Members for losses \$9,000,000 excess \$1,000,000 losses. This is the “core” program and focus of ACCEL. At times ACCEL may purchase traditional insurance or reinsurance that replaces layers of the shared risk program. From time to time optional programs have been developed for Members. Historical options allow a member to retain risk at \$500,000 each occurrence and purchase insurance above a \$10,000,000 limit of liability.

Deposits are collected by the Authority each year based on actuarial analysis, and action by the Board of Directors. The deposit paid each July is the rate times hundredths of estimated DE-9 payroll.

The members’ deposits to ACCEL are applied to a specific Program Year. The members’ deposits are credited with investment income at the rate earned on the Authority's investments. Each program year “stands alone.” Funds are not carried forward to succeeding years. Continuity of overall funding is created through **Fund Transfers** (Program Year borrowing - defined in Section IV).

I. POLICY & PROCEDURE (P&P):

Rating Plans are calculated each year subject to the terms addressed in Sections *II* and *III* this P&P.

- The Board determines the amount of *Retained Funds (Incurred But Not Reported - IBNRs)* to be maintained in each Program Year Members are then notified of the funds available for return/assessment or to transfer to another program year to cover expected deficits as of June 30.
- If Members wish to move funds into other program years or to maintain the funds on account for return or assessment during a later fiscal year (after new deposits are paid), the Members should notify the Treasurer (with a copy to the office of ACCEL and President) by June 30.

- Funds transferred to other program years prior to June 30 will be correctly reflected in the Member Account Summary (MAS) effective June 30. Funds paid to Members will be reflected on the date paid in the next fiscal quarter.
- Members may transfer funds between program years and pool layers prior to funds declared through the calculation process. The **steps** for transferring are detailed in Section *IVb*. As provided for herein, members may choose to access these funds to mitigate the need for assessments when sufficient funds are available in other solvent layers or prior program years.
- Members must request in writing to the Treasurer (with a copy to the office of ACCEL and the President) both release of funds and the movement of funds to and from program years, but irrespective of the request, negative years will always be adjusted to positives and First In First Out (FIFO) accounting will be used to reduce negative balances.
- When the need for an assessment of a Member for additional funds is recognized (e.g., as a result of a claim payment), a Member may transfer funds from another program year and will submit a written request to the Treasurer (with a copy to the office of ACCEL and the President).
 - 1) The Program Administrator will calculate the amount of funds available for transfer, notify the President, and instruct the Treasurer to arrange transfer of the funds requested based on the Board Policy limitations.
 - 2) If a Member's program year-end Incurred Losses exceed the program year's deposit (plus accumulated interest), the Program Administrator will notify the Member by the June meeting of each year.
 - 3) The Member must then notify of their intent to activate transfer. This will be retroactively effective to June 30, and the Treasurer's financial statements will be revised accordingly.
- Each Member's share of claims paid changes over time and is dependent on the most recent calculation. Percentage share of losses is updated in the MAS annually, effective July 1st.
- For years when a "Percentage Share of Loss" cannot be determined, percentage of payroll will be used.

CALCULATION OF ANNUAL DEPOSITS

IIa. Summary

Each year ACCEL funds the Program Year with deposit premium collected from the Members. The following section outlines the steps taken to calculate the deposit premium.

The deposit premium allocation shall be reviewed by the Finance Committee and may include the application of an ex-mod, surcharge, or other Board approved allocation methodology. Members may be charged a special surcharge as determined by the Finance Committee.

The deposit premiums are presented at the June Board Meeting and require approval from the Board annually. Invoices are submitted to each Member after the budget is approved and payments are due within thirty days of July 1st.

The ACCEL Bylaws, Article XII Liability Program, Section E. Deposit (and Audited) Premium Calculations contains the following directions regarding the calculation of deposits. The exposure base is measured by payroll. Payroll is defined in the Bylaws as, the year's preceding DE6 (or equivalent) payroll (Subject Wages) for quarters ending March 31, June 30, September 30 and December 31.

Administrative Expenses are included in the annual deposit and is defined in Section VIII. Administrative Expenses of this P&P.

The following additional procedures are followed to calculate the annual deposit:

***Iib.* Ex-mod Calculation**

The Board approves the following ex-mod calculation to be applied to annual deposits starting July 1, 2024 as follows:

Ex Mod Inputs:

1. Payroll: oldest 8 years of most recent 10 years
2. Claims: oldest 8 years of most recent 10 years, excess of \$1M and capped at \$5M
 - a. Unless directed otherwise by the Board, the prior year's Rating Plan Calculation (RPC) will be used for this calculation
3. Calculate loss rate based on member's percentage share of payroll and claims.
4. Apply 35% credibility factor to loss rate to create ex-mod
5. Cap ex-mod at maximum of 1.2 and minimum of 0.8

***Iibi.* Sample Ex-Mod Calculation**

$$\left(\frac{8 \text{ year member claims}}{8 \text{ year ACCEL claims}}\right) / \left(\frac{8 \text{ year member payroll}}{8 \text{ year ACCEL payroll}}\right) = \text{Loss Rate}$$

$$\text{Credibility factor of } 0.35 \times \text{Loss Rate} + (1 - \text{Credibility of } 0.35) = \text{Ex-Mod}$$

Sample Calculation with Numbers:

$$\left(\frac{\$1,600,000}{\$40,000,000}\right) \times \left(\frac{80,000,000}{\$1,000,000,000}\right) = 0.4$$

$$0.35 \times 0.4 + (1 - 0.35) = 0.79$$

As this is below the 0.8 minimum, this theoretical member would be using an ex-mod of 0.8 for the purposes of determining annual deposit premium.

IIc. Steps

The following steps will be taken to calculate the annual deposits:

1. The sum of the prior year four quarters ending on March 31, June 30, September 30 and December 31, Subject Wages to determine payroll.
2. The actuarial rate is presented by the actuary annually. The Board will select the funding rate at the Spring or June Board Meeting. The confidence level funding is adopted by the Board at the June Board Meeting.
3. Payroll divided by one hundred and then multiplied by the actuarial rate equals the annual deposit.
4. The deposit premium is then modified by applying the ex-mod/surcharge.
5. The Board will vote to approve the allocation. Any further modification to the allocation requires Board approval.

III. RETROSPECTIVE RATING PLAN (RRP) - Through June 30, 2007

IIIa. Definitions

Deposits - The deposit for each Member Agency shall be calculated and paid as stated in the Bylaws.

Pooled Costs - The pooled costs of each program in each year (called a Program Year) will include only pooled losses and loss expenses.

Administrative expenses will be paid for by equal assessments against all Members.

Allocated Losses - Beginning five years after the end of the Program Year, ACCEL will calculate each Member's share of pooled losses. This calculation will be done annually in June and separately for each Program Year and Layer. Each Member's share will reflect that Member's *RRP Share Of Loss Percentages*. The *RRP Share Of Loss Percentages* are calculated by using the layer of loss from \$25,000 per occurrence to \$500,000 per occurrence. (That is, losses less than \$25,000 will not be considered, the first \$25,000 of each loss will be ignored, and no loss will be counted for more than \$475,000.)

Each Member's experience will be given weight to the extent that such experience is credible. The weights will range from about 50% (for a Member with \$10,000,000 payroll) to about 90% (for a Member with about \$90,000,000 payroll). This ensures that large Members will be extensively experience rated, and that small Members will not get by with only nominal allocations just because of a few years of good fortune in claims experience.

Losses are revalued each year using the December 31 loss run and as reviewed and modified by ACCEL's claims auditor.

The cost allocation calculation for each program year will be redone annually until all claims are closed. Each Program will be accounted for separately, although **Fund Transfer** borrowing is allowed under the terms in this in Section *IV*.

IIIb. Timeline

EXAMPLE (FOR 1996/97 YEAR)

July 1, 1996	Pay deposits based on 1996/97 estimated payroll for covered exposures.
September 1997	Adjust deposits to reflect audited payroll (less certified exposure exemptions).
April 2001	Retrospective Calculations for information purposes only.
July 1, 2002	First Retrospective adjustments due or payable.
July 1, 2003	Second Retrospective adjustments due or payable.
July 1, Successive	Retrospective adjustments due or payable until all claims are Years closed.

IIIc.RRP Formula

Each Member's share of all pooled losses will depend on its size, any special Exposure Factors (surcharges) agreed to and the Member's Experience Modification.

A Member's Experience Modification reflects its own loss experience rate to the extent it is credible. To the extent that the Member's own experience is not credible, the Experience Modification reflects the average experience of all Members.

RRP FORMULA

- 1) **Reported Liability Losses** - Member's share of paid losses and case reserves \$475,000 excess of \$25,000 incurred in the program year being calculated plus the following three years.

- 2) **% Reported Liability Losses** - Member's proportional share of paid losses and case reserves \$475,000 excess of \$25,000 incurred in the program year plus the following three years.
- 3) **Audited Payroll** - Member's audited payroll during the 12-month program year.
- 4) **% Payroll** - Member's proportional share of audited payroll during the 12-month program year.
- 5) **Relative Loss Rate** - Member's share of losses divided by Member's share of payroll.
- 6) **Credibility Factor** Payroll

Payroll + \$10,000,000

Examples:	Payroll	Credibility
	\$10,000,000	50%
	30,000,000	75%
	90,000,000	90%
- 7) **Experience Modification** - Member's credibility times relative loss rate, plus (1.0 - Member's Credibility) times average Relative Loss Rate.

Example:	Member's Relative Loss Rate	=	2.00
	Member's Credibility Factor	=	80%
	Average Relative Loss Rate	=	1.00
Experience Modification:	(80% of 2.00) plus (20% of 1.00)	=	1.80
- 8) **Special Exposure Factor** - Any special exposure surcharges will be agreed upon before the beginning of the program year.
- 9) **Total Exposure** - Member's audited payroll times the experience modification times the special exposure factor.
- 10) **% Total Exposure** - Member's proportional share of total exposure.
- 11) **Incurred Program Year Claims** - Claims for each program year within pooled layer.
- 12) **Allocated Losses** - Program year pool layer losses times the Member's share of total exposure.
- 13) **Retained Funds** - In order to maintain a certain level of capital for loss payments from time-to-time the ACCEL Members may elect to retain some portion of the annual contribution. This figure will be above the actuarial developed IBNR. The retained funds are allocated to Members using the Member's share of total exposure (Column #10).
- 14) **Contribution** - Actual premium deposit.
- 15) **Interest on Contribution**
- 16) **Total in Account** - Total of Contribution and Interest.
- 17) **Funds for Return or Surcharge** - Total in account less allocated losses and retained funds.

***III.d.* Example of RRP**

Program Year: 1996/97
Date of Review: April 1, 2001

		<u>Member</u>	<u>ACCEL</u>
1)	Paid losses and Case Reserves \$475,000 Excess \$25,000 incurred from 7/1/96 ¹ To 6/30/00 as of 12/31/01	\$ 3,000,000	\$ 15,000,000
2)	% Share of (1)	20%	100%

¹ Includes losses for all months of participation in 1996/97 pool.

3)	Audited payroll in 1996-97 fiscal year	\$	40,000,000	\$	400,000,000
4)	% share of (3)		10%		100%
5)	Average loss rate per \$100 of payroll Relative loss ration (% of payroll)	\$	7.50 2.00	\$	3.75
6)	Credibility Factor - Weight given to city Experience. (payroll) / (payroll + \$10,000,000)		80%		
7)	Experience Modification		1.80		
Share of Pooled Losses Calculation					
8)	Audited payroll in 1996/97 program year ²	\$	40,000,000	\$	400,000,000
9)	Experience Modification		1.80		1.05 avg.
10)	Exposure factor (may vary to reflect special exposures)		1.00		1.02 avg.
Allocation of Losses Calculation					
11)	Total exposure	\$	72,000,000	\$	428,400,000
12)	Share of 1996/97 pool		16.81%		
13)	Total pooled losses arising 1996/97			\$	2,000,000
14)	Allocated losses [(12) x (13) from Column 2]			\$	336,200
Assessment or Return of Contributions					
15)	Retained Funds (board to determine amount annually) [x (12)]		-0-		
16)	Contribution (1.2% ³ x \$40,000,000)	\$	480,000		
17)	Accumulated interest on contribution	\$	180,000		
18)	Total in account:	\$	660,000		
17)	Return of contribution [(18) - ((14) - (15))]	\$	323,800		

IV. RATING PLAN CALCULATION (RPC) – Effective July 1, 2007

The share of risk that each member assumes is based on the size of the member (DE9 payroll or other Board approved payroll basis), losses the member incurs during the program year which fall into ACCEL's pooled layer (excepted as otherwise noted in this RPC), and the Member's pool deposit for that program year. Effective July 1, 2007, the Rating Plan Calculation (RPC) has become the foundation piece of this Financial Plan Policy. Three years after the expiration of the program year, ACCEL calculates each Member's Contribution (a member's percentage share of loss).

Beginning three years after the end of the Program Year, ACCEL will calculate each Member's share of pooled losses. The calculation will be performed annually in June. The RPC Member Contribution is calculated based on claims or losses \$9,000,000 excess of \$1,000,000. For

² Include payroll for all months of participation in the 1996/97 pool.

³ The rate is adjusted annually by the Board. This example uses a \$1.20 rate per hundredths of payroll.

example, losses less than \$1,000,000 will not be taken into account for this calculation and if there is a \$1,100,000 claim then \$100,000 of it will be used for the calculation.

IVa. Definitions

Deposits - The deposit for each Member Agency shall be calculated and paid as stated in the Bylaws.

Member Contribution – Member’s percentage share of loss.

Excess Claims or Losses- Total Incurred Claims or Losses which impact an ACCEL pooled layer (i.e, those claims or losses excess of a member’s \$1,000,000 SIR)

IVb. Timeline Example

EXAMPLE FOR 2007/2008 PROGRAM YEAR

July 1, 2007	Members pay deposits based on 07/08 estimated payroll for covered exposures.
September 2008	Adjust deposits to reflect audited payroll
April 1, 2010	Perform Test RPC Formula for informational purposes only
July 1, 2011	Perform RPC Formula
June 2011	ACCEL Board approves RPC adjustments; assessments/refunds determined
July 1, Subsequent Years Following	RPC adjustments due and payable until all claims in program year are paid and the Board approves closing the Program Year.

IVc. Rating Plan Calculation (RPC) Formula

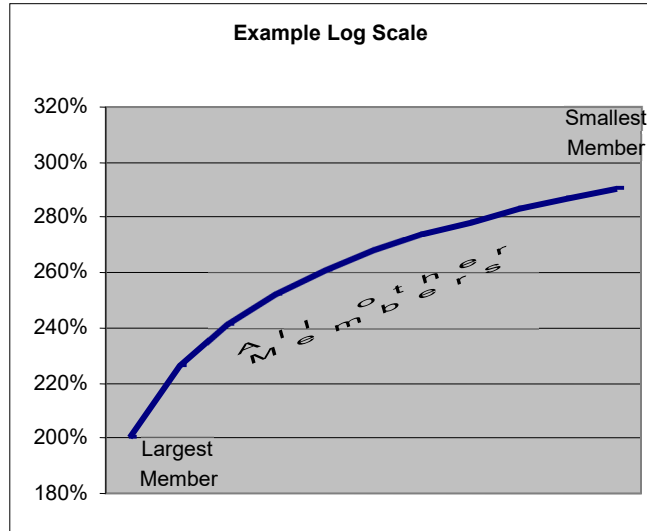
A formula is used to determine the Rating Plan Calculation (RPC) and is calculated in the following steps:

Step 1: Determine a Member’s Contribution. Members’ Contributions depend on the size of the member using to the Board-approved payroll basis, any excess losses the members incur, and the rate charged. In this calculation, payroll is given a 65% weight and excess claims a 35% weight.

$$\left\{ \left[\left(\frac{\text{Member's Payroll}}{\text{Total Payroll}} \times 65\% \right) + \left(\frac{\text{Member's Excess Claims}}{\text{Total Excess Claims}} \times 35\% \right) \right] \times \text{Total Excess Claims} \right\} = \text{Members Contribution}$$

Step 2: A 3% minimum Member Contribution is established. If a Member’s Contribution is less than 3%, the difference is deducted from all other members. This process is recalculated until the 3% minimum is met.

Step 3: A maximum Member Contribution is established. The member with the smallest payroll will normally (see NOTE below) pay no more than 3 times their pool deposit towards any Excess Claims in a program year, and the member with the largest payroll will pay no more than 2 times their pool deposit towards any Excess Claims in a program year. All other members’ maximum Member Contributions will be scaled on a logarithmic curve. See below diagram example.



PLEASE NOTE: In the event that all Members reach their Maximum Contribution, an assessment will be made, based solely on percentage share of payroll.

Final Step 4: A cap of \$4,000,000 Excess \$1,000,000 (Member’s SIR) per Excess Claim is established. That is the first \$4,000,000 of each Excess Claim is allocated by the determined Member Contribution. Amounts in excess of \$4,000,000 per claim will be allocated by members’ percentage share of payroll.

TABLE 1 below summarizes the formula guidelines of the Rating Plan Calculation.

TABLE 1

Step 1		Step 2	Step 3	Step 4
Calculate Preliminary Member Contribution, Weighing Payroll-to-Excess Losses		Apply Minimum Contribution	Apply Maximum Contribution Curve	Apply Excess Claim Cap Maximum
<i>Payroll</i>	<i>Excess Losses</i>	3.00%	200% - 300%	\$4,000,000
65%	35%			

IVd. Rating Plan Calculation Example

An RPC example is shown in the following Steps.


TABLE 2

1	2	3	4	5	6	7	8
MEMBER	Payroll	% of Payroll	Claim's	% of Excess Claim's	Pool Deposit Based on \$0.90 Rate	Member Contribution \$	Member Contribution %
Member A	\$96,000,000	19.01%	\$5,000,000	66.67%	864,000	2,676,733	35.69%
Member B	\$ 43,000,000	8.51%		0.00%	387,000	415,099	5.53%
Member C	\$ 52,000,000	10.30%	\$2,000,000	26.67%	468,000	1,201,980	16.03%
Member D	\$ 44,000,000	8.71%		0.00%	396,000	424,752	5.66%
Member E	\$ 17,000,000	3.37%		0.00%	153,000	164,109	2.19%
Member F	\$ 32,000,000	6.34%		0.00%	288,000	308,911	4.12%
Member G	\$ 44,000,000	8.71%	\$500,000	6.67%	396,000	599,752	8.00%
Member H	\$ 48,000,000	9.50%		0.00%	432,000	463,366	6.18%
Member I	\$ 40,000,000	7.92%		0.00%	360,000	386,139	5.15%
Member J	\$ 71,000,000	14.06%		0.00%	639,000	685,396	9.14%
Member K	\$ 18,000,000	3.56%		0.00%	162,000	173,762	2.32%
TOTAL	\$505,000,000	100.00%	\$7,500,000	100.00%	4,545,000	7,500,000	100.00%

Step 1: Example of preliminary Member Contribution Calculation for Member A (See Table 2 above).

$$\left\{ \left[\left(\frac{\$96,000,000}{\$505,000,000} \times 65\% \right) + \left(\frac{\$5,000,000}{\$7,500,000} \times 35\% \right) \right] \times \$7,500,000 \right\} = \$2,676,733$$

Member Contribution



Step 2: Apply 3% Minimum Contribution. Members E & K's figures from **Column 8** above will be adjusted to a minimum of 3%. To achieve the 3% minimum, a difference of 1.49% will be deducted from the remaining members on a pro-rata basis. This step will be based on the Percentage Member Contribution calculated in Column 8 above.

Step 3: Apply 200%-300% Maximum Contribution. Member A is the largest member and a 200% Maximum Contribution is applied. Member E is the smallest member and a 300% Maximum Contribution is applied. All other Members fall on a logarithmic scale between 200% and 300%. See TABLE 3A below. Please see Step #5 to explain how Total Annual Claims Costs (TACC) above the Maximum Contribution are allocated.

TABLE 3A

1	2	3	4	5
MEMBER	Rank Based on Payroll	200% to 300% Curve Parameter	Pool Deposit Based on \$0.90 Rate	Maximum Claims Payment based on Pool Contribution Maximum
LARGEST Member A	1	200%	864,000	1,728,000
Member B	7	273%	387,000	1,058,267
Member C	3	241%	468,000	1,130,081
Member D	5	261%	396,000	1,032,581
SMALLEST Member E	11	291%	153,000	444,488
Member F	9	283%	288,000	814,869
Member G	5	261%	396,000	1,032,581
Member H	4	252%	432,000	1,090,064
Member I	8	278%	360,000	1,002,580
Member J	2	226%	639,000	1,445,193
Member K	10	287%	162,000	464,807
TOTAL			4,545,000	11,243,510

Table 3B below shows reallocation of claims payment based on applied 3% minimum, 200%-300% maximum. As you can see, Members A and C have reached their Claims Payment Maximum, therefore, the remaining Members will incur the difference (see Table 3B, Column 5).

TABLE 3B

1	2	3	4	5	6
MEMBER	Member Contribution (% applied to claims incurred of \$7.5MM)	Members who have reached their Maximum Claims Payment	Amount over Capped Claims Maximum	Percent of Redistribution	Allocation Calculation
Member A	2,634,826.33	\$1,728,000	\$ 906,826.33	0.00%	\$ 1,728,000.00
Member B	408,600.31			11.10%	\$ 515,123.25
Member C	1,183,162.26	\$1,130,081	\$ 53,081.57	0.00%	\$ 1,130,080.69
Member D	418,102.64			11.36%	\$ 527,102.86
Member E	225,000.00			6.11%	\$ 283,657.96
Member F	304,074.65			8.26%	\$ 383,347.53
Member G	590,362.88			16.03%	\$ 744,271.69
Member H	456,111.98			12.39%	\$ 575,021.30
Member I	380,093.31			10.32%	\$ 479,184.42
Member J	674,665.63			18.32%	\$ 850,552.34
Member K	225,000.00			6.11%	\$ 283,657.96
TOTAL	7,500,000.00		\$ 959,907.90	100.00%	\$ 7,500,000.00

Step 4: If there are Excess Claims that exceed \$4,000,000, a Claims Cap of \$4,000,000 per claim is applied. Claims payment amounts over \$4,000,000 are reallocated by Members' percentage share of payroll. As previously shown on Table 2, Members A, C and G have incurred claims totaling \$7,500,000. Table 4 below shows how the claims, are reallocated based on the \$4,000,000 per claim maximum. Column 2 shows the amount per claim which needs to be reallocated.

TABLE 4

1	2	3	4	5	6	7
MEMBER	Incurred Claims	Overage to be Allocated by % of Payroll	RPC Allocation	Payroll Allocation	Total Allocation	Percentage of Total Losses
Member A	\$5,000,000	\$ 1,000,000	\$1,497,600.00	\$190,099.01	\$1,687,699.01	23%
Member B			\$ 446,440.15	\$ 85,148.51	\$ 531,588.66	7%
Member C	\$2,000,000		\$ 979,403.27	\$102,970.30	\$1,082,373.56	14%
Member D			\$ 456,822.48	\$ 87,128.71	\$ 543,951.19	7%
Member E			\$ 245,836.90	\$ 33,663.37	\$ 279,500.27	4%
Member F			\$ 332,234.53	\$ 63,366.34	\$ 395,600.87	5%
Member G	\$500,000		\$ 645,035.47	\$ 87,128.71	\$ 732,164.18	10%
Member H			\$ 498,351.79	\$ 95,049.50	\$ 593,401.30	8%
Member I			\$ 415,293.16	\$ 79,207.92	\$ 494,501.08	7%
Member J			\$ 737,145.36	\$140,594.06	\$ 877,739.42	12%
Member K			\$ 245,836.90	\$ 35,643.56	\$ 281,480.46	4%
TOTAL	\$7,500,000	\$ 1,000,000	\$6,500,000	\$1,000,000	\$ 7,500,000	100.00%

Note that, in the event Total Annual Claims Cost (TACC) of all members during one year exceed all members' Maximum Contributions, additional claims costs are allocated as a percentage of payroll.

IVe. Calculating the Availability of a Return or Assessment

The RPC Calculation will determine the amount Members are allocated towards a Program Year's Total Incurred claims. In order to calculate the availability of a Retrospective Return or Assessment the following steps must be taken:

1. Calculate the Results of the RPC Calculation
2. Record the Program Year Deposit
3. Record any Deposit Adjustments (e.g. interest, retro payments previously paid, fund transfers, audit adjustments, etc.)
4. Allocate the program year IBNR based on the Member Deposit percentage
5. The Availability of Return or Assessment will be calculated by adding the Member Program Year Deposit and Member Deposit Adjustments and then deducting the results of the Member's RPC Calculation and the Allocated Member IBNR, as illustrated below:

1	2	3	4	5	6	7
			(2) + (3)			(4) - (5) - (6)
MEMBER	Deposits	Deposit Adjustments	Total Deposit	RPC Result	IBNR Allocation	Member Return or (Assessment)
Member A	\$ 864,000	\$ 380,198	\$ 1,244,198	\$ 1,687,699	\$ 42,772	\$ (486,273)
Member B	\$ 387,000	\$ 170,297	\$ 557,297	\$ 531,589	\$ 19,158	\$ 6,550
Member C	\$ 468,000	\$ 205,941	\$ 673,941	\$ 1,082,374	\$ 23,168	\$ (431,601)
Member D	\$ 396,000	\$ 174,257	\$ 570,257	\$ 543,951	\$ 19,604	\$ 6,702
Member E	\$ 153,000	\$ 67,327	\$ 220,327	\$ 279,500	\$ 7,574	\$ (66,748)
Member F	\$ 288,000	\$ 126,733	\$ 414,733	\$ 395,601	\$ 14,257	\$ 4,874
Member G	\$ 396,000	\$ 174,257	\$ 570,257	\$ 732,164	\$ 19,604	\$ (181,511)
Member H	\$ 432,000	\$ 190,099	\$ 622,099	\$ 593,401	\$ 21,386	\$ 7,312
Member I	\$ 360,000	\$ 158,416	\$ 518,416	\$ 494,501	\$ 17,822	\$ 6,093
Member J	\$ 639,000	\$ 281,188	\$ 920,188	\$ 877,739	\$ 31,634	\$ 10,815
Member K	\$ 162,000	\$ 71,287	\$ 233,287	\$ 281,480	\$ 8,020	\$ (56,213)
TOTAL	\$4,545,000	\$ 2,000,000	\$ 6,545,000	\$ 7,500,000	\$ 225,000	\$ (1,180,000)

IVf. Assessment Calculation, Payment Plans, Request for Deferral, & Pre-funding

ACCEL annually calculates the RRP and/or RPC. The calculation results at the end of any single year may show a positive, zero, or negative balance for an individual Member. A Member with a zero or negative balance upon completion of the annual RRP or RPC calculation shall be considered in an “Assessment Position”.

Assessment

The ACCEL Board may issue an assessment to any Member in an Assessment Position. ACCEL will invoice any assessment to the Member at the beginning of the policy year (July 1). The following terms apply to any assessment:

1. Any assessment balance is due upon receipt of the invoice. Payment is due within 30 days except as otherwise authorized by the Board.
2. Any payment received on the unpaid balance after 30 days is considered late. All late payments shall accrue interest on the balance at the rate of LAIF plus 1%, unless otherwise authorized by the Board.
3. If a Member is more than 90 days delinquent on the payment plan, the Program Administrators will report to the Board at the next Board Meeting for further action.

Current or Prior Members may request a Payment Plan for their Assessment following these steps:

- a. The Member must submit a written request to the Program Administrators prior to June 1st.

- b. The Board will consider any requests to establish a Payment Plan at a Board meeting prior to the June Board Meeting.
- c. The Board may take action to authorize a Payment Plan at the June Board Meeting.
- d. The Board may not consider any proposed payment plan with a duration greater than three (3) years.
- e. All Payment Plans approved by the Board shall include interest calculated at a reasonable rate established by the Board.

Example of Payment Plan for FY 2021-22 RPC Results:

Year 1:

- One-Third **due** June 30, 2022
- No interest unless payment is late and penalty applies
- Late penalty applies if 1/3 payment not received by March 31, 2023
- The penalty is the LAIF rate (as of March 31, 2023) **plus** 1%
- The 2nd and 3rd installments are charged interest beginning on this late date of 3/31/2023; compounding interest at a rate of ½ of a percent of the outstanding balance
- Members can choose to pay greater than the 1/3 due and the remainder will be equally allocated to the 2nd and 3rd installments.

Year 2:

- Second (1/3) installment and interest are **Due** June 30, 2023 Net 30
- If payment is late (30 days), interest accrues at LAIF rate **plus** 1% compounded interest
- The third installment continues to accrue interest at the lower “long-term” payment rate.

Year 3:

- Third (1/3) installment and interest are **Due** June 30, 2024, Net 30
- If payment is late (30 days), interest accrues at LAIF rate **plus** 1% compounded interest

Request for Deferral of Assessment

The Board recognizes that the timing of claim payments used in the RRP or RPC and annual contributions to the pool do not always align. Occasionally, when the RRP or the RPC calculation identifies an assessment position for a Member, the Test Year calculation in the subsequent policy period may eliminate the negative position. The Board recognizes the potential to move from a negative position to a positive position without the need for an infusion of funds from the Member. A Member may request to defer an assessment under these specific parameters:

1. The Test Year shows a positive balance that is greater than the Member’s negative balance.
 - By June 1st, the Member may request, in writing, the Assessment be postponed for one year.
 - The Board must approve the request.

2. A Member's positive balance in the Test Year is less than its negative Assessment Position balance
 - By June 1st, the Member may request, in writing, that the net difference be collected.
 - The Board must approve the request.

Pre-Funding Future Assessments

In order to address future year obligations, the Board allows Members to pre-fund future assessments in the Test Years that shows a negative balance. A Member may request to pre-fund assessments in the Test Years as follows:

1. Any of the Test Years show a negative balance. The Member may request to pre-fund a negative Test Year up to the full balance of the negative test year, regardless of whether the other Test Years show a positive balance.
 - The Member may request, in writing, to pre-fund a test year's assessment.
 - The Board must approve the request.

***IVg.* Modification of RPC Inputs**

The following updates to the formula and the effective dates are scheduled below. The following modifications are intended to be slight changes to the RPC outlined above, a major modification or new rating plan will result in a new section of this P&P.

Effective for the Program Year starting July 1, 2021 and following: The Board took action at the June 2021 Board Meeting to modify the calculation as follows;

- The Minimum Contribution in **IIIC. Rating Plan Calculation (RPC) Formula, Step 2** changed from 3% to 2%

V. ADMINISTRATIVELY SUSPENDING THE RRP AND RPC CALCULATIONS

***Va.* Summary**

ACCEL's rating plan is recalculated each year based on current year inputs such as claims payments, investment income and other financial factors that impact the funds available for return or assessment. When a Program Year is fully developed, and no new claim development is occurring, the calculation of that Program Year may no longer be necessary.

Upon review of the calculation, a Program Year may be "Suspended" by Board action. Once the Program Year is Suspended, the final contribution percentage will be used to allocate the remaining funds in the Member Account Summary. The Member Account Summary will transfer the remaining funds in the program year to more recent open years or distribute the funds to the Member agencies.

***Vb.* Steps**

The following steps will be taken to administratively Suspend years:

1. RRP and RPC calculations will be completed and approved at the June Board Meeting.
2. Following the adoption of the retro calculations, the Board may take action to Suspend years in which no claims activity (payments or reserves) excess of \$1,000,000 are expected. The Board will take action directing the Program Administrators which years are Suspended. The Board will pass a resolution recognizing the Suspended Program Years.
3. Any funds available for Member return or assessment will be moved to an open year through a Fund Transfer.
4. A Suspended year will no longer be calculated once Board Action is taken to Suspend a year.
5. The Board may take action to open a Suspended Program Year. Upon doing so, the Program Year will be recalculated as needed.

Note: ACCEL's Financial Plan previously contained the following language:

Once the Program Year is closed, the final contribution percentage will be used to allocate the remaining funds in the Member Account Summary. The Member Account Summary will transfer the remaining funds in the program year to open years or distribute the funds to the Member agencies.

If an occurrence in a closed year requires payment, all years impacted by the recalculation of the formula will/shall be re-opened by majority vote by the Board. The allocation for new payments will be calculated and approved by the Board.

VI. RESTRICTING RETRO FUNDS AVAILABLE FOR RETURN

***Via.* Summary**

ACCEL acknowledges its task to maintain prudent funding within the organization. To achieve this task, the Board may take action to restrict the total funds available for withdrawal in a given year. The Board may wish to take action to declare a reduction of available retro for withdrawal than the full amount calculated by the RRP and RPC calculations.

The purpose for restricting the Retro funds available for withdrawal is to protect ACCEL during which time known or expected financially significant events may impact the organization. ACCEL shall not restrict funds on a long term basis. A restriction will only occur for a single retro calculation. Funds will be unrestricted for the next year's calculation, at which point the Board may take action to restrict funds based on the new unencumbered RRP and RPC calculations.

VIIb. Steps

The following steps will be taken to restrict the retro funds available for return to members:

1. RRP and RPC calculations will be completed and approved at the June Board Meeting.
2. Following the adoption of the retro calculations, the Board may take action to restrict a portion of the funds available for return due to deteriorating financial position.
3. These funds will be held by ACCEL, and not declared available for return (undeclared).
4. Funds will be withheld from specific years as instructed by the Board of Directors.
5. Funds will either be withheld by the same percentage established by the RRP and RPC calculations for "Percentage Share of Loss" or by a separate Board approved calculation.
6. Funds will be returned for the same amount as they were withheld prior to the initiation of the following year's calculation.

VII. FUND TRANSFER

VIIa. Summary

ACCEL recognizes the possible need and advantages of allowing its Members to transfer funds from separate program years in different pool layers. The Member may transfer funds from another layer or program year in accordance with Board policy.

The purpose of transferring is to permit Members to cover Incurred claims and reserves without assessing the Member when there are sufficient funds available in other solvent layers or other program years. Transferring is not allowed for payment of future deposits or administrative expenses.

VIIb. Steps

All of the following provisions and conditions will be adhered to for a Member to transfer funds between pool layers and Program Years:

1. A Member can only transfer funds from a year that has funds available after "Retain Funds (IBNR)" are adopted by the Board.
2. The FIFO accounting concept will be utilized (i.e. transferring will start with the earliest program year from which funds are available).
3. A Member's future calculation of "returns" will be used to offset any transferred amounts before any funds are returned to the Member who has moved funds.

4. Should two or more members desire to transfer funds and should there be insufficient funds available under this policy and procedure to meet those members' needs, the amount available for individual member transferring will be on a pro-rata basis, among the transferring cities, determined by the amount of the members' audited deposits. The aggregate amount available for transfer will be the lesser of 5. a) or b) below.
5. a) The maximum amount allowable for transfer will not exceed 50% of that year's total deposit (less the implications of any insurance premiums paid).

b) The maximum amount available for transfer will be those funds available after deducting pool reserves (including Retained Funds) from pool layer deposits. The formula for determining "pool reserves" will be: reserves plus (IBNR) times a conservative loading factor of 1.5.
6. The maximum amount available to an individual Member for transfer will be those funds available after subtracting 200% of such individual Member's financial obligation for its share of total ACCEL losses for a pool layer in any program year from such individual Member's total audited deposit for such program year.
7. Provisions 5 and 6 notwithstanding, 100% of those funds held or transferred into a pool layer in any program year, which represent declared retrospective returns, will be available for transfer.

VIII. MEMBER ACCOUNT SUMMARY (MAS)

VIIIa. MAS Summary & Explanation

The MAS is the document of the Authority governing cash flow. This multi-page spreadsheet lists each Member's *cash position* in the Liability Program and is presented quarterly to the Board for acceptance.

The MAS is a source document that captures Member's movement of funds, excluding the General & Administrative Account. Information is captured in the following categories for both the *current* year and *prior* years:

- Deposits
- Interest
- Funds Transferred
- Claims Adjustment
- Retros (*RRP Adjustments*)

There are two sets of calculations: (*Current* and *Prior* Years) because interest on Members funds held by the Authority is calculated on a daily basis. *Current* Year's information is documented separately and consolidated every July 1 to the *Prior* Year's section. This allows for the allocation of interest correctly, based on the daily balance in the current year.

The Funds Transfer **row** depicts money that has been moved from any one program or program layer to another program year or program layer. A check and balance will be visible in the report run as of June 30th of changes made in the current year to assure that funds have been moved and not received as "Retros." (In addition, Members excess insurance premiums may be paid out of their deposit rate, and are deducted from the balance.) Changes to the MAS are made quarterly reflecting investment earnings, deposits paid, claims paid and *Retros* paid.

Changes by Members to the MAS are made based on submissions to the Treasurer in accordance with this policy.

MAS EXAMPLE

ACCEL Estimated Earnings Report			
Program Year 2 (FY 87/88)			
Calculated at: 30-Jun-99			
	MODESTO	VISALIA	SANTA MONICA
Excess of \$1,000,000 Layer			
Retros All %	5.48%	5.33%	19.40%
Prior Years:			
Aud Dep	323,624	132,213	578,656
Interest	151,425	65,929	286,567
Fnd Transfer	0	0	0
Clm Adj	(39,144)	(38,073)	(138,575)
Retros	(425,848)	(184,753)	(715,775)
Balance Fwd.	10,057	(24,684)	10,873
Current Year:			
Deposit Adjustment	0	0	0
Estimated Interest	634	778	686
Fund Transfer	0	0	0
Claim Paid Allocation	0	0	0
Retros	0	40,719	0
Current Year Activity	634	41,497	686
Total 9 xs 1	10,691	16,813	11,559
Excess of \$500,000 Layer			
Retros All %	18.51%	17.82%	0.00%
Prior Years:			
Audit Deposit	129,499	52,885	0
Interest	68,149	24,011	0
Fund Transfer	0	0	0
Claim Adjustment	(92,550)	(89,100)	0
Retros	(72,442)	(44,313)	0
Balance Fwd.	32,656	(56,517)	0
Current Year:			
Deposit Adjustment	0	0	0
Estimated Interest	2,059	(318)	0
Fund Transfer	0	0	0
Claim Paid Allocation	0	0	0
Retros	0	56,604	0
Current Year Activity	2,059	56,286	0
Total 500 x:	34,715	(231)	0

**ACCEL Estimated Earnings Report
 Program Year 2 (FY 87/88)
 Calculated at: 30-Jun-99**

	MODESTO	VISALIA	SANTA MONICA
Total Both Layers:	45,406	16,582	11,559
The estimated interest income for this report assumed an average rate of return of:			6.3237%

VIIIb. Recognition of Returns and Transfer of Funds

To receive a Board declared RRP Return or Transfer Funds, a letter to the Treasurer (with a copy to the office of ACCEL and the President) is required from the Member. These letters will be attached to the next quarterly MAS when generated and aendized for Board acceptance. Changes will be initialed and dated as made in the MAS. Members should check to ensure changes are accurate.

IX. ADMINISTRATIVE EXPENSES

General and Administrative costs are shared equally by all Members with two exceptions; payments due from former members and specific travel funds budgeted as described in *P&P: Travel Expense*.

IXa. Calculation and Payment

The general and administrative costs, shared equally by Members, are adopted in a budget each year prior to July 1, as required by the Joint Powers Agreement. This budget includes estimates for all expenses plus a contingency reserve. Invoices are submitted to each Member after the budget is approved and payments are due July 1st. At the end of the fiscal year, excess funds are credited to Members on the same pro rata basis.

IXb. Obligations to ACCEL by Former Member

The *P&P: Obligations to ACCEL by Former Member* governs the responsibilities of former members until their participating Program Years are administratively closed.

X. ADMINISTRATIVE PROCEDURES

General procedures of the Authority that impact other items in the Financial Plan P&P may be listed here.

Xa. Actuarial Analysis

Actuarial Analysis are conducted annually with reviews of IBNR analyzed each June 30th of the year.

***Xb.* Unallocated Loss Adjustment Expense**

Unallocated Loss Adjustment Expenses (ULAE) will be treated as a current expense in each fiscal year to properly account for these funds. In the event that the Authority dissolves, future ULAE will be allocated to the current expenses of the ongoing budget of the Authority.