

Software Maintenance and Support Agreement 28850

THIS SOFTWARE MAINTENANCE AND SUPPORT AGREEMENT, together with applicable Schedules and Exhibits (collectively, the "Agreement") is made this 23rd day of July 2004 (the "Effective Date"), by and between Valley Oak Systems, Inc., having a principal place of business at 5000 Executive Parkway., Suite 340, San Ramon, California 94583 (hereinafter referred to as "VOS") and the City of Long Beach, having a principal place of business at 333 West Ocean Blvd, 13th Floor, Long Beach, CA 90802 (hereinafter referred to as "Client").

1. Recitals

Client is the licensee of software developed by VOS and listed in 2(a). This agreement provides that Valley Oak Systems, Inc. will provide technical support to the undersigned Client under the terms and conditions of this Agreement.

2. Maintenance and Support Service

(a) VOS shall provide the technical support services necessary to remedy any operational difficulties attributable to the following Software Product(s), which includes computer software, electronic documentation and printed materials.

iVOS Claims Management System. Modules included:

- | | |
|---|---|
| ➤ Workers' Compensation | ➤ Policy Maintenance |
| ➤ Reporter Server | ➤ Laser Check Printing |
| ➤ Medical Bill Review Interface | ➤ Medical Treatment Module |
| ➤ ISO Claim Search (Index Bureau) Automated Interface | ➤ PRDP Workers' Compensation Interface |
| ➤ VOS Express | ➤ Document Imaging |
| ➤ California Commutation Calculator | ➤ Incident Reporting Module |
| ➤ Positive Pay Bank Reconciliation Interface | ➤ Vendor Table Interface |
| ➤ Workers Compensation Incident Reporting Intake Form | ➤ TTD Payment Interface |
| ➤ FileNet Integration | ➤ General Ledger Interface (Non TTD Checks) |
| ➤ Employee Interface | |

Additional modules and/or concurrent users can be added to this Agreement per the Software License Agreement for a fee of 22.5% of the module/user license fee paid for additional modules and/or concurrent users.

(b) VOS shall provide unlimited phone support from 8:00 a.m. EST to 6:00 p.m. PST Monday – Friday, except holidays. Support during non-business hours and holidays can be pre-arranged on a time and expense basis.

(c) VOS shall provide periodic product updates and upgrades to the products listed above in paragraph 1(a). All enhancements included as part of the standard product shall be included.

(d) VOS' Service Level Agreement, which defines the support and services provided by VOS, is included herein as Exhibit A to this Agreement. Any modification to the Service Level Agreement shall require the written consent of Client, which shall not be unreasonably withheld, and shall be mutually agreed upon by VOS and Client.

3. Proprietary Rights

Client acknowledges and agrees that corrected software and associated documentation remain the property of VOS and constitute a trade secret of VOS.

4. Access to Data and Computer

Client shall, at its own expense, install and maintain a modem (minimum 28kbps), remote control access software, and dedicated telephone line for VOS' use in providing support services. VOS shall at all times have 24 hour/day, 7 days per week access to provide technical support services.

5. Terms of Agreement

This Agreement shall be operative upon Production Use, as defined in VOS Software License Agreement, of the software, for a period of one year (365 days) subject to renewal or after which time it may be terminated by either party on sixty (60) days prior notice to the other party. It is hereby agreed that Client may renew this Agreement, if for identical services, at a price increase guaranteed not to exceed fifteen percent (15%) of the previous price established in the previous year. The renewal of the Agreement shall take effect by Client paying the invoice for the new annual fee.

6. Fees and charges

The fee for the maintenance and support services provided for herein shall initially be determined upon 22.5% of the final costs of the total license fees (site + users + interfaces/optional modules, custom interfaces/modules estimated to be \$71,735), as per the Payment Terms referenced as Schedule B to the Software License Agreement. Client shall be invoiced thirty (30) days prior to commencement of maintenance for the annual maintenance fee, which is based on the final project costs. The fee for maintenance and support services shall be payable in advance of each one-year period. A refund equal to the prorated maintenance fee (i.e., maintenance fee/12 times the remaining months) shall be given if this Agreement is terminated pursuant to Section 10 of this Agreement.

7. Costs Not Included in This Agreement

If it is necessary for VOS to provide services to Client outside the scope of services herein, Client shall provide written consent in advance for VOS to perform such services. Client agrees to pay VOS at the current standard rates for time and material, and travel expenses. An example of this type of cost is that any travel expenses incurred pursuant to Section 9 of this Agreement are reimbursable to VOS within thirty (30) days after submittal.

8. Taxes

Client shall be responsible for all sales or use taxes or any other taxes, fees, or duties imposed by federal, state, local, or other governments or governmental entities on or with respect to the services rendered or property provided by VOS pursuant to this Agreement.

9. Travel Expenses

Client agrees to pay VOS for all reasonable travel and other incidental expenses at actual cost, including meals and shipping costs, incurred in connection with VOS' performance of its duties under this Agreement after Client's receipt of proof the expenses were paid. Refer to Exhibit B – Administrative Regulations for Client's guidelines for "reasonable".

10. Termination

(a) This Agreement may be terminated by either party at the end of its initial term or upon sixty (60) days prior notice to the other party.

(b) This Agreement shall be terminated without refund upon the termination by reason of default on the part of Client of the Agreement pursuant to which Client obtained the software.

(c) This Agreement may be terminated at any time by VOS in the event of any failure on the part of Client to pay the maintenance fee provided for hereunder after thirty (30) days notice that the maintenance fee is delinquent.

(d) In the event of termination, all fees or charges payable under this Agreement shall become due and payable within thirty (30) days after notice or demand by VOS and all obligations of VOS under this Agreement shall end immediately upon termination. As set forth above in Section 6 and in this paragraph, a refund shall be

issued to Client for the prorated maintenance fee (i.e., maintenance fee/12 times the remaining months) under the Agreement. Because of the sixty (60) day termination notice requirement, no refunds will be made if there is only 60 days or less remaining on the Agreement period at the time of termination.

(e) Client's sole and exclusive remedy for VOS' breach of this Agreement shall be limited to a refund, on a pro rata basis, of any portion of the advance maintenance fee which has not been used. Said refund will be calculated on a monthly basis. [Total maintenance fee / 12 = monthly rate x months remaining. Partial months will be calculated at the mathematical equivalent of a daily rate (monthly rate / 30 days)].

11. Force Majeure

VOS shall not be liable for any delay in performance directly or indirectly resulting from acts of Client, its agents, employees, or subcontractors or causes beyond the control of VOS. "Causes beyond the control of VOS" include, but are not limited to: acts of God; acts of a public enemy; acts of the United States or the District of Columbia, any State or Territory of the United States, or any of their political subdivisions; fire; flood; epidemics; quarantine restrictions; strikes, civil commotions, or revolution; freight embargoes; unusually severe weather condition; or default of VOS' subcontractors or suppliers.

12. Entire Agreement

This Agreement constitutes the entire agreement of the parties and the terms and conditions stated herein supersede all prior agreements between the parties relating to the subject matter of this Agreement.

13. Modifications to Agreement

This Agreement may be amended by the parties only by a written agreement.

14. Attorneys' Fees

If any legal action is necessary to enforce the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled. This provision shall be construed as applicable to the entire Agreement.

15. Parties Bound

This Agreement shall be binding on and inure to the benefit of VOS and Client and their respective successors and (to the extent specified in any assignment) assigns.

16. Notices

Any notice, demand or other communication required or permitted to be given under this Agreement shall be in writing and shall be deemed delivered to a party: (i) when delivered by hand or nationally recognized overnight courier; or (ii) on the date shown on the return receipt if mailed by United States certified mail, return receipt requested, postage prepaid, in each case to the address of such party set forth below (or at such other address as the party may from time to time specify by notice delivered in the foregoing manner):

If to VOS, to: Valley Oak Systems, Inc.
5000 Executive Parkway., Suite 340
San Ramon, CA 94583
Attn: President

If to Client: City of Long Beach
333 West Ocean Blvd, 13th Floor
Long Beach, CA 90802
Attn: City Manager

17. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

City of Long Beach

Valley Oak Systems, Inc.

By: [Signature]
Name: Gerald E. Miller
Title: City Manager
Date: 7.30.04

By: [Signature]
Name: Robert Faulhaber
Title: President
Date: 7/23/04

By: [Signature]
Name: Randy Wheeler
Title: CEO
Date: July 23, 2004

STATE OF CALIFORNIA
COUNTY OF CONTRA COSTA

On July 23, 2004, before me, Carolyn K. Whene, Notary, (insert name and title of the officer), personally appeared Robert Faulhaber, President and Randy Wheeler, CEO, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me they executed the same in their authorized capacities, and that their signatures on the instrument the persons, or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS MY HAND AND OFFICIAL SEAL
[Signature]
Signature (Seal)



Acknowledgment (by Corporation, Partnership or Individual)

APPROVED AS TO FORM
7/27, 2004
ROBERT E. SHANNON, City Attorney
BY: [Signature]
SENIOR DEPUTY CITY ATTORNEY

EXHIBIT A**VOS SERVICE LEVEL AGREEMENT**

The VOS Service Level Agreement (“SLA”) describes the type of services included under the standard support and maintenance agreement, and the service level expectations for the customer (the “Customer”) who has purchased Software (the “Software”) from VOS. In addition, it covers billable services that fall outside the standard Software Support and Maintenance Agreement.

The VOS Software Support and Maintenance Agreement pertain to issues with the VOS Software, and not with any infrastructure or database issues. If the Customer provides access, VOS will provide remote diagnostic analysis of the Software problem and problem correction.

VOS exercises commercially reasonable efforts to address any error in the Software. VOS will use its best efforts to provide one (or a combination) of the following three solutions:

- ❖ Provide a software fix in the current release of the Software
- ❖ Provide a workaround until a software fix is available
- ❖ Provide a software fix in the next release of the Software

Important Note: The Customer shall appoint up to three individuals to act as liaisons between the Customer and VOS. Those individuals must be knowledgeable in the operation of the Software in order to serve as primary contacts between the Customer and VOS regarding the report of support issues. All of the Customer’s support inquiries shall be initiated through these contacts. The Customer may change either the main contacts or their alternates at any time upon notification in an e-mail to vossupport@valleyoak.com, or in writing to:

**Customer Support Manager,
Valley Oak Systems, Inc.
Bishop Ranch 8
5000 Executive Parkway,
Suite 340
San Ramon, CA 94583,**

1. User Problems**A. HOURS OF OPERATION**

- ❖ Support during business hours is Monday - Friday 5:00 a.m. - 6:00 p.m. PST.
- ❖ Support during non business hours and holidays can be pre-arranged on a time and expenses basis.

B. PROBLEM REPORTING METHODS

- ❖ During business hours, the Customer has the option of reporting problems via phone or e-mail. A voice-mail will be recorded if all VOS support staff are busy.
- ❖ During non-business hours, users have the option of reporting problems via phone (voice-mail) or e-mail.

C. TYPES OF PROBLEMS HANDLED

Customer Support is a triage center for all problems and/or requests regarding VOS Software after implementation. These include:

- ❖ Bugs with the Software
- ❖ VOS Software Upgrades – Customers can request to upgrade to any standard VOS release during business hours. See section 3 below for more details.
- ❖ Enhancement Requests – Request enhancements to VOS.
- ❖ Optional Module Purchases – Request to purchase an optional module.
- ❖ Data Conversions – Request for an add on data conversion.
- ❖ Support Extra – request VOS resources to perform tasks outside the Software Support and Maintenance Agreement.
- ❖ Training – cost depends on training request.

D. PRIORITIZATION OF PROBLEM REPORTS

1. Priority 1 – Customer is unable to perform critical business functions as a result of Software bug, such as:
 - ❖ Unable to add claims;
 - ❖ Unable to process checks or create Accounts Payable export;
 - ❖ Data corruption caused by a VOS Software bug.
2. Priority 2 – the VOS Software is impaired, but the Customer can perform critical business functions and no data is being corrupted.

E. PROCESS FOR PROBLEM ESCALATION

1. Escalation Process for Priority 1
 - ❖ Escalation State 1 - If the VOS Customer Support Analyst cannot resolve the issue within 2 hours, the issue is escalated to the VOS Customer Support Manager.
 - ❖ Escalation State 2 – If the VOS Customer Support Manager cannot resolve the issue within 8 hours, the issue is escalated to the VOS Vice President, Client Services.
2. Escalation Process for Priority 2
 - ❖ Escalation State 1 - If the VOS Customer Support Analyst cannot resolve the issue or provide Customer with a workaround within 2 business days, the issue is escalated to the VOS Customer Support Manager.

- ❖ Escalation State 2 – If the VOS Customer Support Manager cannot resolve the issue or provide Customer with a workaround within 4 business days, the issue is escalated to the VOS Vice President, Client Services.

2. Service Expectations

A. RESPONSE TIMES – PROBLEMS RECEIVED DURING BUSINESS HOURS

1. Telephone
 - ❖ On average, the customer support center responds to calls in person 85% of the time.
 - ❖ Calls not answered by the customer support center are directed to voice-mail.
2. Voice-mail or E-Mail Reporting
 - ❖ Problems reported by voice-mail or e-mail will receive an acknowledgement within 1 hour by phone or e-mail. The VOS Customer Support Analyst will provide a Heat ticket number and priority.

B. RESPONSE TIMES – PROBLEMS RECEIVED DURING NON BUSINESS HOURS

- ❖ Problems reported by voice-mail or e-mail during non-business hours, are evaluated and prioritized at the start of the next business day. The Customer will receive an acknowledgement within 1 hour by phone or e-mail. The VOS Customer Support Analyst will provide a Heat ticket number and priority.

C. FOLLOW-UP TIMES

- ❖ Customers whose problems are not resolved in the course of the first contact, will receive a first update via phone or e-mail within 24 hours.

3. VOS Software Upgrades

The Software Support and Maintenance Agreement entitles Customers to request VOS support to perform upgrade of any standard VOS release during business hours. This includes:

- ❖ Scheduling upgrade with point person at the Customer site.
- ❖ Applying upgrade scripts to the Customer test and production environments.
- ❖ Installation of new Software and ensuring the VOS user id can start the application.

Additional services can be requested on a time and expenses basis from VOS. These include:

- ❖ Performing upgrade prerequisite tasks such as backups.
- ❖ Performing acceptance testing of the upgrade.
- ❖ Changing custom Software, if required, as a result of the upgrade.
- ❖ Providing Security adjustments as a result of new functionality in the upgrade.
- ❖ Hooking in new reports via Reporter.

4. Billable Services

Billable requests are handled either under a Support Extra Agreement or on an individual request basis. A signed statement of work is required for work to proceed. Billable work includes, but is not limited to, the following:

- ❖ Support for custom modules that are not covered under the Software Support and Maintenance Agreement.
- ❖ Implementation for any optional software modules.
- ❖ Add on data conversions.
- ❖ Supplemental training.
- ❖ Support during non business hours.
- ❖ VOS upgrades during non business hours.
- ❖ Custom reports.
- ❖ VOS database changes, such as org changes, combining insureds, reference table changes.
- ❖ Security configuration consulting or setup.
- ❖ Performance troubleshooting.
- ❖ Database administration services.
- ❖ Backup and recovery consulting.
- ❖ Server set up, upgrades or update services.
- ❖ Database setup, upgrades or update services.
- ❖ Citrix consulting.
- ❖ Business Analysis.
- ❖ Custom Enhancements; for example:
 - New functionality in vpcheck.
 - Changes to vpcheck for new Customer set up.
 - Changes to vpcheck for sort sequence.
 - Custom stored procedures (e.g. p_examiner).
 - Enhancements.
- ❖ For interfaces:
 - Installation and configuration of any interface Software on hardware external to the VOS data center.
 - Training on interfaces.
 - Customer initiated changes to the interface specification. VOS reserves the right to modify the interface specification for future enhancements.
 - Customer changes to systems external to VOS that result in any failures or performance problems with the interface.
 - Corrections to Customer's data, including, but not limited to, data modification for purposes of exporting/importing to/from the VOS database.

- Any hardware or software problems beyond the control of VOS, including, but not limited to, the following:
 - Bugs in a Customer's computer software and hardware that result in interface operational failure.
 - Network changes and network performance problems.
- ❖ Other

5. Causes Not Attributable to VOS

The Maintenance Fee does not include services requested as a result of, or with respect to, causes or errors, which are not attributable to VOS or cannot be reproduced by VOS on unmodified Software. In the event that the Customer requests VOS to provide, and VOS does so provide, any services in connection with causes or errors which are not attributable to VOS, the Customer shall pay VOS for such additional services on a time and materials basis at VOS' then current service rates. Causes or errors, which are not attributable to VOS include, but are not limited to, the following:

1. Accident; unusual physical, electrical or electromagnetic stress; neglect; misuse; failure or fluctuation of electric power, air conditioning or humidity control; excessive heating; fire and smoke damage; or causes other than ordinary use.
2. Use of the Software on equipment or rotation media other than the equipment for which such software was designed and licensed for use on.
3. Interconnection, interfacing or operation of the Software with other software products not supplied by VOS.
4. Operation of the Software with other media, hardware, software or telecommunication interfaces not meeting or not maintained in accordance with the manufacturer's or environmental or VOS' specifications.
5. Improper installation by the Customer or use of the Software that deviates from any operating procedures established by VOS in the applicable Documentation or in environmental or manufacturer specifications.
6. Modification, customization, alteration or addition or attempted modification, customization, alteration or addition of the Software undertaken by the Customer or its agents, assigns, contractors, employees or other's under the Customer's control.
7. Software programs made by the Customer or other parties unless specifically covered in a Statement of Work between the Customer and VOS.
8. Customer's failure to implement current versions of the Software that are issued under this Service Level Agreement.
9. Introduction of data into any database used by the Software by any means other than the use of the Software.
10. Failure by the Customer to respond to any action plans provided by VOS pursuant to a support call by the Customer.

6. Contacting VOS Customer Support

Support is initiated through a Customer contact via telephone or e-mail. The following information can be used to initiate the support process:

Support Number (925) 242-4672
E-Mail Address vossupport@valleyoak.com

A support ticket will be issued via e-mail and/or phone along with a priority per the response times provided in this SLA. During this initial contact, the VOS Customer Support Representative may verify and/or request the following information from the Customer. Failure to provide this information may hinder the ability to resolve the issue in a timely fashion.

- Customer support contact information (name, title, company name, e-mail address, phone number, pager number, fax number, and/or cell number).
- Confirmation of Software release and patch level, operating system, and/or database version. For performance issues, include desktop operating system, disk space, amount of memory, and MHz.
- Detailed problem description. Include any symptoms, patterns (time of day, certain users, etc.), and/or any specific error messages received.
- Historical description of problem (did it ever work, when last worked, what changed, what steps have been taken to avoid and/or resolve issue, etc.).

7. On-Site Assistance

When, at VOS' discretion, on-site assistance is required to perform any support, the Customer will reimburse VOS for all related traveling expenses and costs for board and lodging with all Professional Services to be rendered at VOS' standard rates.

8. Supported Software Versions

Maintenance and support will only be provided for the current version of the Software and the version of the Software released immediately prior to the current version. Support for the Software prior to the current version will be for a period up to one (1) year from the release date of the current version.

EXHIBIT B**Administrative Regulations**

Number AR4-1
Issue 10

Subject: Authorization and Reimbursement for General Business Expenses.**I. PURPOSE**

The purpose of this regulation is to define and clarify authorized reimbursable general business expenses to include, but not be limited to, travel, professional memberships, employee functions, and other related expenditures incurred while conducting City business and to establish procedures for authorization and reimbursement of such expenses.

II. SCOPE

This regulation is applicable to all City departments and offices responsible directly to the City Manager. It is also requested that elective offices and other independent offices and departments of the City comply with these procedures in the interest of administrative uniformity.

III. EXCEPTIONS

The City Manager may exempt any employee from the provisions of this regulation at anytime should it be determined that the exception is warranted by extraordinary circumstances or operating requirements.

IV. AUTHORITY

Personnel Ordinance Section 1.16 is the legal authority for reimbursement of necessary expenses incurred by City employees in the performance of their duties.

V. DEFINITION

City officials and employees shall be expected to exercise good judgment and show proper regard for economy when incurring expenses in connection with official City business.

The following sections list expense classifications for information and guidance in determining expenses which are appropriate for City business-related purposes, memberships in professional organizations, and subscriptions to business related newspapers and journals. However, the City Manager may, at his discretion, approve or disapprove any of the types of travel or expenses outlined below, or any other such expenses not listed as he deems appropriate to specific circumstances.

VI. AUTHORIZATION AND REIMBURSEMENT POLICY FOR TRAVEL AND RELATED EXPENSES.

Each department must identify one or more travel coordinator(s) who will be responsible for coordinating travel arrangements with any travel agency with whom the City has entered a contract. Such travel agency will be used to search for air travel, ground travel and lodging alternatives, and secure and provide ticketing for the travel and lodging alternatives when requested by the Departmental Coordinator.

The City Manager may appoint a City Travel Administrator to administer and control certain aspects of City travel, as described herein.

Transportation:

The following transportation modes may be employed for the purpose of traveling on City business:

(1) Air - Allowance for air travel will be reimbursed only for the actual round-trip fare. All City employees shall utilize coach or tourist class accommodations when traveling by commercial airline. All City air transportation must be paid via a Business Travel Account that will be administered by the Travel Administrator or paid by a personal credit card. Each Department Coordinator will receive an authorization number to use when securing air transportation, and will be responsible for auditing the Business Travel Account for the respective department before payment is made.

(2) City Vehicle - If available, use of a departmentally assigned or dispatch pool City vehicle is preferred over the use of a personal vehicle, and may be authorized for travel to and from designated places on City business outside the City when this method of transportation can be demonstrated as the most economical means available.

Costs for the use of City vehicles for this purpose shall be calculated based on current dispatch vehicle rental rates, as determined by the Fleet Services Bureau, or as a percentage of the total monthly rental charges for a departmentally assigned vehicle. Additionally, costs associated with the use of City vehicles should include the value of any City autoscript to be used for fueling such vehicles. Autoscript will not be issued to an employee utilizing a personal vehicle on City business, who will receive mileage or receives an automobile allowance. Employees are authorized to pay for emergency repairs of a City vehicle while on a trip outside the City if the condition is such that repairs are essential to ensure a safe return to Long Beach. All receipts for any such repairs must be retained and forwarded to the department to which the vehicle is assigned, together with the request for reimbursement. Employees utilizing dispatch vehicles should forward such requests to Fleet Services Bureau for reimbursement.

(3) Private Automobile - In the absence of a departmentally-assigned or dispatch pool vehicle, and with specific permission from either an employee's department head or the City Manager, an amount not to exceed coach or tourist class air fair will be authorized for the use of private cars in travel to and from designated place(s) on City business outside the City, based on the mileage allowance rate in the current Salary Resolution. For employees who receive a monthly Auto Allowance, the reimbursable mileage is calculated by deducting 100 miles from the total round-trip miles traveled. Employees who do not receive a monthly Auto Allowance shall be reimbursed for total round-trip miles.

(4) Garage and Parking Expenses - Expenses for parking and storage of private or City vehicles may be authorized. Receipts should be provided to obtain reimbursement.

(5) Vehicle Rentals, Taxi and Transit Fare - Expenses for such transportation may be authorized where such conveyances are reasonable and necessary to conduct City business. Receipts for vehicle rentals must be provided to obtain reimbursement.

Lodging:

Expenses will be allowed for adequate lodging. Itemized receipts for lodging must be provided to obtain reimbursement.

Meals:

Reasonable and customary expenses for meals may be authorized for City employees as required to conduct Official City duties. Employees traveling on City business shall be entitled to reimbursement of expenses incurred for necessary meals not to exceed breakfast, lunch, and dinner in any one day. The maximum that will be reimbursed for meals in one day is \$50, excluding gratuity. This sum can be split among meals as desired by the employee, and should be reduced accordingly for less than full business days. In the event that travel location or the nature of business conducted requires a higher meal limit, a larger reimbursement may be approved by the corresponding department head or the City Manager for department heads.

Employees who, during the normal course of performing their duties, must provide meals for representatives of other governmental agencies or other persons doing business with the City in order to most effectively execute their responsibilities may be authorized reimbursement for expenses associated with such meals. The limitations detailed in the "Meals" section above will also apply to these meals. When requesting such reimbursement, the following documentation should be submitted in accordance with the procedures specified in Section XI. of this regulation:

- (1) A copy of the bill, or credit card receipt for the meal(s);
- (2) A description of the purpose of the meal(s), including an explanation of its necessity to the City; and
- (3) A list of all persons, including other City employees who were in attendance, specifying their organization and/or title.

Tips and Gratuities:

Reasonable expenses for tips are allowable for meals (as limited above), hotel, and transportation purposes.

Registration Fees:

Convention or meeting registration fees qualify for reimbursement. The City will pre-pay conference registrations prior to the date of the event. In cases where early registration is not possible, a receipt or registration form illustrating the fee amount must be provided with the reimbursement request.

Telephone, Telegraph and Fax:

Telephone, Telegraph, and fax expenses may be incurred only for the conduct of City business. One daily telephone call to an employee's family for a reasonable duration will be reimbursed by the City.

Miscellaneous:

All items of expense otherwise unclassified shall be considered in this category. Examples of such expenses which may be authorized are public stenographer fees, duplicating expenses, and the cost of publications of value to the City. Other expenses as necessary when traveling on City business may be allowed and should be included within this classification when requesting reimbursement.

It is the policy of the City that no employee shall sustain personal monetary loss as a result of duties performed in the service of the City. However, all expenditures and requests for reimbursement shall logically relate to the conduct of City business and shall be necessary to accomplish the purposes of such business.

VII. AUTHORIZATION AND CONTROL POLICY FOR PROFESSIONAL MEMBERSHIPS, DUES AND SUBSCRIPTIONS**Memberships in Professional Organizations:**

Employee memberships in professional organizations are appropriate City expenses. However, the Department Head, at his/her discretion must approve such memberships prior to submitting the application form or invoice for processing or a request for reimbursement. Memberships in organizations shall logically be related to the conduct of City business.

Subscriptions to Professional Literature:

Subscriptions to professional journals and magazines are considered appropriate expenses. Departments should avoid subscribing to multiple periodicals, which provide similar information. When at all practical, departments should avoid duplicating subscriptions already purchased by other departments.

Newspaper Subscriptions:

Expenses for a reasonable minimum number of subscriptions to newspapers such as the Press Telegram, the Los Angeles Times and the Wall Street Journal are considered appropriate for all City departments.

Professional Licenses & Registration:

Expenses incurred by employees for professional licenses and registrations such as engineers, architects, nurses, attorneys and others are not eligible for reimbursement. These costs should be borne by the individual employee due to the fact that these registrations are often a prerequisite for employment.

VIII. AUTHORIZATION AND CONTROL OF COSTS INCURRED FOR EMPLOYEE FUNCTIONS**Holiday-Related Activities:**

The utilization of City monies to fund holiday related activities, (e.g., parties, Christmas cards) birthday parties or other office parties and related decorations is inappropriate. City funds may not be utilized to purchase these items.

Expenses Associated with Employee Retirement/Going-Away Functions:

Retirement or going-away functions for City employees and associated gifts, flowers, and cards are not appropriate expenditures. City monies should not be utilized to fund these activities.

Non-Profit Private Organization Luncheons:

Expenses incurred by an individual or department for attendance at a luncheon, benefit or event of such nature which is organized by a non-profit organization, and not directly related to City business or a City employee's responsibilities, shall not be considered an appropriate reimbursable expense. City monies should not be utilized for this purpose.

Professional Organizational Functions:

Expenses incurred in connection with attendance at professional organizational functions held in the Los Angeles area are considered appropriate. The employee must receive prior approval from the department head. A receipt illustrating the cost of the function should be submitted for reimbursement.

Miscellaneous Meals.

Expenses for meals not defined under Section VI. and VIII. Such as City awards luncheons and dinners, retirement luncheons, dinners, or receptions associated with service club meetings will not be authorized for reimbursement unless specifically approved by the City Manager.

IX. AUTHORIZATION AND CONTROL OF COSTS ASSOCIATED WITH PROVIDING REFRESHMENTS.**Coffee and Tea for Employees:**

The utilization of City funds for the purchase of coffee, tea, and similar refreshment items for employees is inappropriate. Where desired, such items should be financed from employee supported funds for use in their own departments.

Refreshments for Visitors/Training Sessions:

Expenses incurred by a department for providing refreshments at meetings which involve many departments, outside guests, quarterly meetings, and events of this nature shall be reimbursable with City funds. The event must be directly related to City business. Food and drink items provided at such events should promote good employee health.

When requesting such reimbursement, the following documentation should be submitted in accordance with the procedures specified in Section XI. of this regulation:

- (1) A copy of the receipt; and
- (2) A description of the event stating that the event was directly related to City business and a justification for the expenditure.

X. REQUIRED AUTHORIZATION FOR TRAVEL

It is the City's intent to minimize travel expenses without precluding participation of City officials at national or state conferences or meetings. The following guidelines shall govern authorization for travel:

A. City Manager Approval

The City Manager shall authorize all overnight travel by department heads, and shall authorize overnight trips for which more than one City employee is traveling to the same destination and function. To obtain

approval the department head shall submit a written request, in advance of travel, which describes the purpose, destination, inclusive dates of the trip, and an estimate of expenses.

B. Department Head Approval

A Department Head may authorize out-of-state travel by an employee in his/her department. The limitations detailed in the "City Manager Approval" section above will apply to this approval process. To obtain such authorization, the employee shall submit a written request to the department head, in advance of travel, which describes the purpose, destination, inclusive dates of the trip, and an estimate of expenses.

XI. PROCEDURES FOR OBTAINING REIMBURSEMENT FOR APPROVED TRAVEL OR RELATED BUSINESS EXPENSES

A. Reimbursement for expenses incurred while traveling overnight in connection with City business shall be requested upon the completion of such travel in accordance with the following procedures:

(1) Part II of a Travel Request and Expense Report Form should be completed to reflect under Item 14 all expenses for each day in the various categories specified. The inclusive dates of travel should be entered at the top of each appropriate column. All appropriate signatures should be affixed to Items 9, 16, and 17.

(2) Based on the report described in (1) above, a Direct Payment form for the total amount requested should be prepared, specifying the individual to whom the reimbursement check will be issued, the purpose of the functions attended, the location and the inclusive dates of travel.

(3) The final copy of the Travel Request and Expense Report form should be attached to the Direct Payment form. All receipts, bills, lists of guests at meals and any other/detailed information which will explain the level of expenditure or other documentation required by Section V. Of this regulation should also be attached. These forms should be submitted to the Financial Management Department, Accounts Payable, within five (5) working days of the date when the expenses were incurred. A copy of these forms should be retained by the department for its own records.

B. Reimbursement of expenses incurred for meals, incidental travel, parking tips, etc., in connection with travel on City business not involving overnight stays, away from the City and all other authorized general business expenditures as described in this regulation shall be requested in accordance with the following procedures:

(1) A Direct Payment form should be prepared specifying the individual to whom the reimbursement check will be issued, the nature and cost of the items for which reimbursement is requested, including information where appropriate on the functions attended, purpose of the functions or expenditures, names of individuals in attendance or participating and why the expenditure was necessary for City business (see Section V. of this regulation).

(2) This Direct Payment form should be submitted to the Financial Management Department, Accounts Payable, as outlined in Section XI. A. (3) above.