



MEMORANDUM

Second Reading

**To:** Honorable Board of Supervisors  
**From:** Thomas Miller, County Executive Officer  
Katherine J. Martinis, Auditor-Controller  
Nancy Nittler, Personnel Director  
**Date:** March 25, 2008  
**Subject:** Meal Allowance – Sideletters of Agreement and Administrative Rule Revisions

**Recommendation:**

It is requested that the Board of Supervisors approve the attached Side Letters of Agreement with both the Placer Public Employee Organization (PPEO) and the Placer County Deputy Sheriffs' Association (PCDSA) as amendments to their respective Memorandums of Understanding and delegate signature authority to the Chairman of the Board, County Executive Officer and Director of Personnel; approve the attached amendments to uncodified ordinances 5442-B, 5443-B, AND 5444-B; and approve the attached resolution amending the Administrative Regulations, all to implement revisions to the County's meal allowance policies and practices in order to bring the County into alignment with Internal Revenue Service (IRS) regulations and IRS recommendations for tax and per diem practices.

**Background:**

Current meal reimbursement practices for PPEO, PCDSA were established through labor agreements reached in prior negotiations. Meal reimbursement practices for management and confidential employees mirrors the PPEO agreement. In 2006, the County adopted a meal reimbursement policy for PPEO, Management, and Confidential employees that increased the amount of meal reimbursement to employees and eliminated the requirement for employees to provide receipts. PCDSA employees are reimbursed under an older negotiated agreement whereby they continue to provide receipts to validate their claim in excess of a lesser amount allowed without a receipt.

- While conducting research on how to implement the new 2006 agreement, it was determined that the County's current meal reimbursement policies and MOU's were not entirely in alignment with either certain IRS regulations or IRS recommendations for implementing meal allowances.

**Discussion:**

In order to address these issues, County staff opened discussions with both the PCDSA and PPEO labor groups. The attached Letters of Agreement are the result of those discussions.

**It is recommended that the County adopt a Per Diem Meal Allowance Plan.** The following table outlines Placer County's current meal reimbursement practices versus the recommended changes to implement a Per Diem Plan..

Current Meal Reimbursement (all taxable)	Proposed Meal Allowance
Attending a meal where business directly affecting the County is discussed.	<b>Nontaxable</b> for meals directly related to County business.
Employee on business away from home two hours before or after normal working hours, or more than thirty (30) miles from their office.	<b>Nontaxable</b> for overnight travel. <b>Taxable</b> on business more than 30 miles from primary work location.
Required to work more than two hours before or after a normal work assignment.	<b>Taxable</b> when required to work 2 hours before or after a normal shift.
Attending an official County meeting and the employee is prevented from taking or completing a mid-shift meal break.	
Prevented from taking meals away from the workstation because of extraordinary circumstances, e.g., law enforcement assignments, mandatory overtime, emergencies, or disasters.	<b>Nontaxable</b> due to emergency situations. <b>Nontaxable</b> employer provided meals.

Approval of this action would result in an added benefit to Placer County business practices with regard to meal allowances as all employees would be covered by the same policy and practices. This would create efficiencies in departments as well as the Auditors Office as less administration would be needed to process employee meal claims. Further benefits would be realized as:

- Employees – no need to retain receipts or record expenses which will lessen administrative burdens.
- Departmental staff – claims auditing minimized; reduced administrative burdens.
- Auditor's staff – claims auditing minimized; no disputes related to questionable claims

**Fiscal Impact:**

There would be an additional cost to the County to implement the recommended meal reimbursement practice. On claims that are deemed "taxable", the County would need to pay related **employment tax for FICA and SUI (7.85%)**. As illustrated in the following table, the per diem rate is slightly higher than the County's current rates for PCDSA and slightly lower for PPEO and management.

	PPEO Rates	PCDSA – without receipts	PCDSA – with receipts	Federal Per Diem – Sacramento Region
Breakfast	\$10	\$5	\$10	\$11
Lunch	\$20	\$8	\$15	\$16
Dinner	\$30	\$15	\$25	\$29
Incidentals	--	--	--	\$3

Federal per diem rates are subject to change annually and depending on the region of travel. As a result, adopting the per diem rate may result in an incremental cost increase to the meal reimbursement expense paid by the County to employees.

The total cost increase to implement the recommended meal allowance policy is estimated at \$80,000 that includes both the new employment taxes the County would pay as well as the incremental rate increase for per diem.

Exhibits:

1. Resolution
2. Un-codified Ordinance
3. Side Letters of Agreement PPEO & PCDSA

**Before the Board of Supervisors  
County of Placer, State of California**

**In the matter of:** *Amendment to un-codified  
Compensation Ordinances 5442-B, 5443-B, & 5444-B  
regarding Meal Allowances.*

**Ord. No.:** \_\_\_\_\_

**FIRST READING:** March 25, 2008  
**SECOND READING:** \_\_\_\_\_

The following **Ordinance** was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held \_\_\_\_\_, by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

\_\_\_\_\_  
Chairman, Board of Supervisors

Attest:  
Clerk of said Board

\_\_\_\_\_  
Ann Holman

\_\_\_\_\_  
THE BOARD OF SUPERVISORS OF THE COUNTY OF PLACER, STATE OF CALIFORNIA,  
DOES HEREBY DOES ORDAIN AS FOLLOWS:

Un-codified Compensation Ordinances 5442-B, 5443-B, & 5444-B, are hereby amended as to all provisions related to meal allowances, meal reimbursements, and/or the provision

of meals by the employer. The new meal allowance will be as follows:

The Department Heads or designee must authorize all meal allowance expenditures in advance for the following:

1. Non-Taxable Meal Allowance for Meals Directly Related to County Business. Attending a breakfast, luncheon, dinner or other meal meeting or gathering where the main purpose is to conduct business directly affecting the County, county business is actually conducted during the meal period, and there is some specific county business benefit contemplated by county employees at some future time.

a) There must be a specifically identifiable reason for conducting the County's business during the meal. Examples of allowable business meals include when it is impractical to meet during normal working hours, or a meeting does not adjourn during lunch, or an employee is required to go to lunch as a member of a group, such as a Board or Commission where official business is conducted, or when the meal otherwise takes place in a clear business setting.

2. Non-Taxable Meal Allowance for Overnight Travel. Employees will receive a non-taxable per diem rate for meals when traveling on County business on a temporary basis (one year or less), that results in the employee being away from the location of his or her principal place of business overnight.

a) For these purposes, there are two principal places of business for employees. They are the Western Slope of the County (defined in Placer County Code section 4.16.030.E) or the Eastern Slope of the County (defined in Placer County Code section 4.16.030.D). Examples of situations covered by the allowance include: an employee stays overnight in a County other than Placer County, or an employee who is permanently assigned to the Western Slope of the County stays overnight in the Eastern Slope of the County and visa versa.

3. Non-taxable Meal Allowance due to Emergency Situations. Department heads, with the prior verbal approval of the County Executive, may authorize meal allowance expenditures for employees during emergencies or extraordinary or unusual circumstances such as natural disasters, severe inclement weather, imminent or actual failure of county facilities, systems or processes, a health or safety emergency or threat, or extended search and rescue activities. Such verbal approval is effective for not more than 72 hours but may be extended by written approval of the county executive for an indefinite period.

4. Non-taxable Employer Provided Meals. With the prior approval of the County Executive, the Department Head may provide, on County facilities, meals to employees when such meals are provided for a substantial non-compensatory reason and are provided in one of the following circumstances:

a) Employees need to be on call for emergencies during the meal period (examples: A Correctional Officer, Sheriff's Deputy or Sergeant working in the jail; a Public Safety Dispatcher in the Dispatch Center; a Wastewater Treatment Plant Operator covering a flood assignment, etc.);

- b) The nature of the assignment (not merely a preference) requires a short meal period;
- c) There is an absence of available eating facilities in the area of the work assignment; or,
- d) The meal is furnished immediately after working hours because the employee's duties prevented him or her from obtaining a meal during working hours.

5. Taxable Meal Allowance. Employees may receive a taxable meal allowance when required to:

- a) Work more than two hours before or after a normal shift and it is impractical or would be an inconvenience or imposition for the employee to go home for a meal and return to work.
- b) Travel on official business, i.e. training, that results in the employee being more than thirty (30) miles away from his or her primary work location.

Allowance Amount. The meal allowance amount will be that amount set by and contained in the Federal Domestic Perdiem Rate for breakfast, lunch and/or dinner, in effect on the date the meal allowance is incurred for the geographical location that the meal allowance is incurred in. A receipt is not necessary to receive the per diem meal allowance amount. Information sufficient for the Auditor to determine that the allowance is being paid under one of the above provisions will be required prior to the allowance being paid.

Incidental Expenses. Reasonable and necessary incidental expenses will be reimbursed for the amount incurred upon presentation of a receipt evidencing the expense. An employee traveling overnight may instead opt to receive the combined meal and incidental expense Federal Domestic Perdiem Rate instead of receipted reimbursement for incidentals.