

INDIAN WELLS CITY COUNCIL

January 15, 2026



To: City Council
From: Finance Department
Prepared by: Kevin McCarthy, Finance Director
Subject: **Review of Reimbursable Expenses Administered through the Fiscal Policy and Procedures Manual**

RECOMMENDED ACTIONS:

Council **APPROVES** the Finance Committee's recommendation to increase the daily meal reimbursement allowance for Council Members to \$170 per day, with no single meal exceeding \$100 per day; and

FINDS the project to be exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15378.

SUMMARY:

Following review and discussion, the Finance Committee recommends increasing the daily meal reimbursement allowance for Council Members to \$170 per day, with no single meal exceeding \$100 per day.

The Committee also recommends clarifying that meals included in conference or event registration fees are not eligible for separate reimbursement. The recommended update reflects current cost conditions while maintaining strong fiscal controls and compliance with Measure J.

BACKGROUND:

The City's Fiscal Policy and Procedures Manual govern the reimbursement of expenses incurred by elected officials while conducting official City business. Within Section 13, Reimbursement Policy and Procedures, Council Members attending meetings, conferences, or training sessions may be reimbursed for actual meal expenses, including reasonable tips and room service charges, subject to a maximum of \$90 per day.

In accordance with Measure J requirements, all reimbursements must be supported by detailed receipts and reflect actual and necessary expenditures incurred in the performance of official duties.

Measure J Compliance

Reimbursements are based on actual and necessary costs and are not provided as per-diem payments. Measure J restricts City Council compensation to amounts expressly authorized by state law and voter-approved measures. Expense reimbursements are not considered compensation when they reflect documented, reasonable costs incurred while conducting City business.

The City's reimbursement framework strictly limits payment to actual, receipt-supported expenses and imposes a maximum allowable threshold as an administrative control. Because the reimbursement cap functions as a ceiling—not a flat payment—adjusting the maximum allowable amount does not constitute additional compensation. Accordingly, increasing the daily meal limit, while maintaining documentation and actual-cost requirements, remains fully compliant with Measure J.

Analysis of Potential Meal Allowance Adjustment

The existing \$90 daily meal limit is based on historical national spending averages and has not been updated to reflect current cost conditions, particularly in California metropolitan areas where Council Members frequently travel for official business. In recent years, meal prices, especially at conference venues and hostels have increased significantly, leading to routine instances in which reasonable, necessary costs exceed the current cap.

Updating the maximum allowable reimbursement would better align City policy with prevailing market conditions, provide more explicit administrative guidance, and reduce the frequency of legitimate expenses exceeding the current limit. Importantly, reimbursements would continue to be limited to actual expenses supported by receipts and would remain subject to existing fiscal controls.

While the overall fiscal impact is expected to be minimal, the Council may also wish to consider public perception when evaluating adjustments to reimbursement policies. Ultimately, whether to maintain or modify the existing cap is a policy decision grounded in fairness, fiscal stewardship, and operational practicality.

OPTIONS:

1. Approve increasing the daily meal reimbursement allowance to \$170 per day, with no single meal exceeding \$100 per day, as recommended by the Finance Committee.
2. Maintain the current \$90 daily maximum.

3. Recommend an alternative reimbursement limit for City Council consideration.
4. Provide an alternative direction.

FISCAL IMPACT:

Any fiscal impact associated with adjusting the daily reimbursement limit is expected to be minimal. Reimbursements are limited to actual, documented costs and historically represent a small portion of total City travel expenditure. Any increase in total spending would depend on actual travel activity and meal costs incurred.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):

The action is not a project within the meaning of Section 15378 of the State of California Environmental Quality Act ("CEQA") Guidelines, because it has no potential for resulting in physical change in the environment, directly or indirectly; and that the action is nonetheless exempt from the requirements of CEQA in that the activity is covered by the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. (15061(b)(3).)

ATTACHMENTS:

1. City's Fiscal Policies and Procedures Manual
2. Annual Reimbursements