



ADMINISTRATIVE REGULATION

OFFICE OF THE CITY MANAGER

Number	907
Responsible Department	Human Resources
Established/Effective Date	3/5/1984
Latest Revision Date	6/30/23
Next Review & Reauthorization Date	6/30/25

SUBJECT: Auto Allowance

1. **Purpose:** To clarify the policy and procedures for eligible employees electing to receive an auto allowance in lieu of the use of a City-assigned vehicle and mileage reimbursement.
2. **Authority:** Charter of the City of Huntington Beach, Section 401; Insurance Code, Section 11580.96(d)
3. **Application:** This regulation applies to select classifications specifically designated within the Non-Associated Resolution and the Management Employees' Organization (MEO) Memorandum of Understanding. This policy does not apply to employees in the following bargaining units: FMA, HBFA, HBMT, MSMA, POA, PMA or SCLEA.

4. **Definitions of Terms:**

For purposes of this policy, the following definitions shall apply.

- 4.1 Eligible Employee – An employee whose classification is specifically designated as eligible to elect an auto allowance as specified within the collective bargaining agreement or Resolution.
- 4.2 Auto Allowance – The dollar amount specified within the collective bargaining agreement or Resolution to be received by an eligible employee in lieu of the use of a City-owned vehicle.

5. **Policy:** Eligible employees who are assigned a vehicle on a permanent basis may, upon approval of the City Manager, choose to receive a vehicle allowance in lieu of a city car if the requirements herein are satisfactorily completed.

6. **Responsibilities:**

- 6.1 The City Manager and Department Heads shall be responsible for determining if it is appropriate to use a private vehicle for City business.
- 6.2 The Department Head shall be responsible for budgeting for the vehicle allowance.



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- 6.3 Individuals electing to receive monthly automobile allowance must personally bear all expenses associated with the operation of their vehicles. The City will not provide gas, oil, insurance or service of any kind to personal vehicles.
- 6.4 The employee shall be responsible for making the request in time to allow for proper planning and budgeting.
- 6.5 Human Resources shall be responsible for administering this policy.

7. Liability

- 7.1 Employees receiving auto allowance for use of their personal vehicle on City related business must continuously maintain the State mandated limits for vehicle insurance, and shall be required to show proof of insurance upon request.
 - 7.1.1 Per Insurance Code, Section 11580.9(d), *“Except as provided in subdivisions (a), (b), and (c), where two or more policies affording valid and collectible liability insurance apply to the same motor vehicle or vehicles in an occurrence out of which a liability loss shall arise, it shall be conclusively presumed that the insurance afforded by that policy in which the motor vehicle is described or rated as an owned automobile shall be primary and the insurance afforded by any other policy or policies shall be excess.”*
- 7.2 If an employee’s vehicle is damaged while driving on City business, related out of pocket expenses including deductible may be considered for reimbursement as authorized by the City Manager or designee. An employee must first utilize their insurance policy coverage prior to being eligible for reimbursement of related expenses.
- 7.3 Any reimbursable expenses that were previously paid by the City must be reported and returned to Risk Management.
- 7.4 Enrollment in the DMV Pull Notice Program is required for anyone receiving an auto allowance.

8. Procedures:

- 8.1 The employee shall request permission of their department head to change from using a city assigned vehicle to receiving the vehicle allowance.
- 8.2 The department head shall determine if it is appropriate to use a private vehicle for City business, and if a city vehicle/equipment (i.e. radios) is necessary to the effective performance of the employee’s duties.
- 8.3 Department heads shall request approval to use a private vehicle for City business from the City Manager.
- 8.4 If the department head and City Manager approve use of a private vehicle, funds for the auto allowance shall be included in the department’s budget or, if necessary, transferred from the department’s operating accounts to an auto allowance account.
- 8.5 After the effective date of this regulation, an employee who switches from a City vehicle to the auto allowance must elect to receive the auto allowance for a minimum period of three years in order to allow the City the cost savings made possible by elimination of a City vehicle. This does not negate the ability of the department head or City Manager to require the use of a City vehicle if it is



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necessitated by the job in their opinion. The employee shall sign an Auto Allowance Authorization Form (Attachment 1) acknowledging their agreement to these terms.

- 8.6 The City auto previously used by the employee, or another similar type of vehicle, shall be declared surplus and disposed of in accordance with Administrative Regulation 207, Surplus Disposal and or Transfer, unless an exception is approved by the City Manager.
- 8.7 If an employee receiving a vehicle allowance chooses to be assigned a City vehicle instead, he must give ample notice to allow for budgeting for the purchase of an additional car if one is not available. No vehicle purchases will be approved for this purpose which have not been formally budgeted. An employee who switches from an auto allowance to a City vehicle must elect to keep the auto option for a minimum period of three years in order to amortize the cost of the vehicle.
- 8.8 Employees receiving a monthly auto allowance:
 - 8.8.1 Are not eligible for mileage reimbursement for local travel (any trip of 100 miles or less, round trip)
 - 8.8.2 Are eligible to receive mileage reimbursement for non-local travel (mileage in excess of 100 miles round trip).
 - 8.8.3 Must deduct the first 100 miles of a non-local trip prior to calculation of mileage reimbursement.
- 8.9 Pool Car Use. Employees receiving monthly auto allowance:
 - 8.9.1 Are not eligible to use City pool vehicles for local travel
 - 8.9.2 Exceptions may be granted by the Supervisor in advance under the following circumstances:
 - 8.9.2.1 Employee's car does not accommodate the business purpose (i.e. carrying more than the normal number of passengers, a "marked" vehicle is necessary, required equipment does not fit into employee vehicle, employee is designated to drive City Council Member to non-local meetings).
 - 8.9.2.2 Provisions of a negotiated M.O.U. provide for assignment of an/or use of a City vehicle for business purposes under certain circumstances (i.e. an employee receiving a vehicle allowance may drive a City carpool vehicle with City Manager approval if required to drive outside the boundaries of Los Angeles, Riverside, and Orange Counties)
- 8.10 If an employee is in a non-pay status (suspension, leave without pay or no pay) on the payroll record for a period of two weeks or more in any month, the auto allowance will be suspended until the employee returns to an active pay status. If the allowance had been paid in advance, a pro-rated refund shall be due the City.

Attachments:

1. [Auto Allowance Authorization Form](#)



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Distribution:

All employees may access the Administrative Regulations via the Intranet at:

<https://huntingtonbeachca.sharepoint.com/SitePages/Administrative-Regulations.aspx>

A blue ink signature of Thomas St. Peter written over a horizontal line.

Initiating Department
Director of Human Resources

A blue ink signature of Michael Gates written over a horizontal line.

Approved as to Form *WJ*
Michael Gates, City Attorney

A blue ink signature of Al Zelinka written over a horizontal line.

Al Zelinka
City Manager

Review Schedule

REVIEW DATE	DEPT. HEAD INITIAL	CITY MANAGER SIGNATURE