

POLICY AND PROCEDURE
Travel Arrangements and Expense Reimbursement
Revised: January 28, 2016

Policy (update 2-2-2016)

PURPOSE

The purpose of this policy is to provide procedures for the authorization of travel and payment of travel expenses for City employees attending conferences, training, and meetings. The policy will ensure that all travel related expenses are reasonable and necessary for the conduct of City business.

For the purposes of this policy, City employees shall mean all full-time or part-time exempt and non-exempt employees. Temporary or contract employees must receive express authorization in advance from the Assistant City Manager or designee for all travel related expenses.

Any exceptions to this policy must be approved by the Department Head and the Assistant City Manager or designee.

PROCEDURE**A. Extended Travel****1) Authorization for Travel**

Prior to the commitment or expenditure of any City funds for extended travel (requiring an overnight stay or airfare), the employee shall obtain approval for the event from a Department Head or Council Appointed Officer (CAO). This authority cannot be delegated. The authorization for out-of-state extended travel must also be approved by the Assistant City Manager or designee.

No individual may authorize his/her own travel. Department Head travel shall be approved by the City Manager or designee and CAO travel shall be approved by the Assistant City Manager or designee.

A Pre-Travel Authorization form shall be used to request approval and to document an estimate of total expenses (i.e., registration fees, lodging, transportation, and meals). A copy of the official event brochure and/or agenda of the event that describes the schedule of sessions, provided transportation and meals, and other amenities of the event must be attached to the form. IRS per diem rates shall be used for calculating estimated meal expenditures.

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The Pre-Travel Authorization form includes boxes that must be checked by the employee and verified by the Department Head, CAO, Assistant City Manager or designee, or City Manager or designee to indicate that:

- ✓ Government rates have been requested for hotel and registration
- ✓ Employee agrees to submit a Travel Expense Report within 30 days after return from the trip
- ✓ Professional Development will be used to reimburse employee for the travel or training (if applicable)

Department Head/CAO/Assistant City Manager/City Manager approval indicates that:

- ✓ Government rates for hotel and registration have been verified
- ✓ The request complies with the City's Travel Policy and Procedures
- ✓ Applicability of using Professional Development funds has been determined

The original approved Pre-Travel Authorization form, along with the official event brochure and/or agenda of the event, should be maintained by the department and submitted with the Travel Expense Report at the appropriate time.

2) Travel Arrangements

Departments are encouraged to make travel arrangements (registration fees, lodging reservations, air transportation, and rental cars) on the Internet, utilizing a procurement card for payment. A copy of the approved Pre-Travel Authorization form should be attached to the monthly procurement card activity log.

3) Reimbursable Travel Expenses

a) Registration Fee

Registration fees for those expenses indicated in the published event materials. Government rates and/or any discounts offered for early registration should be obtained whenever possible.

b) Lodging Expense

Travelers shall select single occupancy, standard, non-deluxe accommodations and should stay at hotels offering economical

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lodging rates. Travelers attending a conference or seminar are encouraged to stay at conference hotels, which offer a negotiated conference rate. When making reservations, travelers should request government rates, if available. Traveling employees should carry their City identification cards.

The City shall not reimburse any cost related to the extension of a hotel stay beyond the time necessary to complete the event. An out-of-state trip involving cross-country travel may require hotel accommodations both before and after the conference or training. Within California or adjoining states an extra night's hotel stay should not be necessary if flight arrangements can be made the same day.

The use of hotels is restricted to cities located beyond 50 miles (one-way) from the City of Palo Alto or the traveler's residence (whichever is shortest). For example, if the destination is Sacramento and you live in Palo Alto (118 miles) or Oakland (81 miles), you would qualify for a hotel. However, if you live in Vacaville (35 miles) or Lodi (36 miles) you would not qualify for a hotel.

c) Transportation

Air Transportation

Travelers shall fly economy coach class on the lowest cost flight available for the most direct route to the final destination, which could reasonably include scheduled layovers. Travelers are encouraged to make air reservations as early as feasible to obtain the greatest discount and to consider the use of alternate but nearby airports to take advantage of the lowest fares. Extension of the trip to cover a weekend stay to obtain a lower airfare does not entitle the traveler to be reimbursed for the extra day's hotel costs or meal expenses. Travelers may use City travel to qualify for frequent flyer credits, but the selection of an airline for a given trip shall not be made for the purpose of accumulating such credits. Travelers that choose to use their personal frequent flyer miles for City business shall not be reimbursed for the value of the tickets. If the airline charges for all checked baggage, the City will cover the cost for one checked bag only. Excess baggage charges are not reimbursable.

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Rental Cars

Rental cars shall only be approved, if other ground transportation, such as shuttles or taxis, is more expensive during the stay at the destination. Only economy or compact car models may be rented, unless the upgrade is provided by the rental agency at no cost. Rental car options such as GPS devices are not reimbursable. Because the City is self-insured, employees should decline any additional insurance offered by the rental company. Employees must also decline any Fuel Purchase Options (which allow for prepayment of a gas tank refill) and shall refuel prior to returning the rental car, if additional charges apply for refueling. Use of a rental car, in lieu of a private auto, to travel to and from an out-of-town event will be reimbursed either at the current IRS mileage rate or the car rental cost apportioned for the number of days used for City business, whichever is less.

Private Automobiles

Employees may use private automobiles for personal or group transportation on extended trips. Reimbursement shall be made at the current IRS mileage rate. The distance to be reimbursed shall be measured from the place of work and from the employee's home, and the calculated mileage reimbursement shall be based upon which of the two distances is shorter. Mileage reimbursement shall not exceed the cost of refundable round trip air transportation (economy class) for a reservation made at least seven days in advance of the trip.

City Pool Cars

City pool cars normally may not be used for transportation on extended trips. Requests for use of City vehicles for this purpose should be directed to the Fleet Manager, Equipment Management Division, Public Works. For use of vehicles assigned to specific divisions and/or individuals, refer to Vehicle Use Policy and Procedures 4-1.

d) Meals

Effective April 27, 2015, the City will provide a per diem ("per day") allowance for meals and incidentals to employees who travel overnight for official City business. Travelers will receive a flat rate for meals and will not be required to submit receipts. If travelers use a P-Card to pay for meals, it negates the per diem.

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The per diem rate varies and is dependent on the destination of travel. The rates for the various travel destinations are available on the U.S. General Services Administration website (<http://www.gsa.gov/portal/content/104877>) (these amounts are subject to change every year). Each city has a dollar value for the full day depending on the relative cost of meals in that jurisdiction. When meals are provided as part of the cost of an event, that meal will be deducted from the full day per diem rate. Travelers will receive 75% of the full day per diem amount for days requiring transportation to and from the location (i.e. departure day and return day) regardless of departure and arrival times. Meals provided on days of travel shall be deducted at full-value.

Travelers are required to look up the per diem rates as part of the pre-approval authorization process.

e) Incidental Expenses

Incidental expenses related to City business shall be reimbursed at cost as supported by submitted receipts. Incidental expenses may include hotel parking charges, Internet connection services, and telephone charges.

The actual costs for parking will be reimbursed when approval to use a personal vehicle or rental car is obtained in advance. Travelers should use the lowest cost alternative for parking within a reasonable area from the destination. Internet connection services purchased to conduct City business are reimbursable. Employees will be reimbursed for telephone calls to City of Palo Alto offices. The hotel bill should indicate any calls that are of a business nature. Reimbursement for calls home is limited to one call per day of reasonable length. Other charges on the hotel bill, such as pay-TV movies, cleaning, laundry, room service charges (additional over cost of meal) or charges for additional guests are not reimbursable.

4) Travel Expense Report

Within thirty business days after the employee's return from the trip, a Travel Expense Report must be filed with the Accounting Division of ASD. Employees are encouraged to complete the Travel Expense Report electronically in Excel. Employees shall print and sign the Travel Expense Report. When signing the Travel Expense Report, the employee certifies that the expenses listed on the Report were incurred in conformance with

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the Travel Policy and that the “amount due the employee” has not been received from any other source. The original Pre-Travel Authorization form must be attached to the Travel Expense Report. The filing of this report is necessary whether or not reimbursement is requested in order to document to the IRS that the travel expenses do not constitute miscellaneous income to the employee. If this report is not filed within the required thirty working days, no future travel requests will be processed for the individual until outstanding travel and expense claims are complete.

The Travel Expense Report must account for all expenses, including expenses paid by the procurement card, and all expenses must be supported by itemized original receipts or copies of electronic receipts. For air transportation, the original airline ticket or flight confirmation printout should be attached. It is not sufficient to provide Internet quotes or pre-stay web confirmations for air travel or lodging. For expenses paid with the P-Card, the original receipts must be attached to the P-Card statement and copies of the receipts should be attached to the Travel Expense Report.

The Travel Expense Report must be approved by the Department Head/CAO or designee. (Each department/office provides a list of designated approvers to ASD on an annual basis). Department Head travel shall be approved by the City Manager or designee and CAO travel shall be approved by the Assistant City Manager or designee. Department Head/CAO approval is required for any expenses that were not authorized on the Pre-Travel Authorization form. For missing documentation, the traveler shall attach a written explanation detailing the expenditure and reason for the missing receipt, and obtain Department Head approval.

If reimbursement is due to the employee, a check will be issued to the employee using the Travel Expense Report (no separate claim voucher is needed). If the reimbursement amount is \$150 or less, the employee may request reimbursement via petty cash.

B. Local One-Day Travel

Employees shall obtain verbal approval for one-day local travel (not requiring airfare and/or an overnight stay) from his/her Department Head, Assistant Department Head, Deputy Director, Division Head or designee prior to the traveler’s departure. Designees must be management staff. A Pre-Travel Authorization form is not required for local travel.

Typical reimbursable expenses for local travel include mileage, public transportation, parking, bridge tolls, meeting or conference registration fees,

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and meal expenses. Only expenditures supported by itemized receipts will be reimbursed.

Travelers may be reimbursed for meal expenses. Itemized receipts for meals must be maintained. The maximum reimbursement amount for meals shall be: \$15.00 for breakfast, \$16.00 for lunch, and \$28.00 for dinner. Under no circumstances will expenses for alcoholic beverages be reimbursed by the City. Meal reimbursements for local conferences, meetings, or training conducted between the hours of 8 a.m. and 5 p.m., will be limited to lunch. When meals are provided as part of the cost of an event, travelers will not be reimbursed for the actual expenses of these meals.

Local travel meal expenses that do not meet the IRS definition of “business related” will be considered taxable income and added to the employee’s W-2. For a meal to be considered non-taxable, it must be “directly related” and “associated with” the active conduct of City business. To meet this definition, business must be conducted during the meal period. Meal expenses associated with training do not meet the IRS definition of a business related meal. Such meals will be considered taxable income and added to the employee’s W-2.

For all meal expense reimbursements, the form should include an explanation of why the meal was necessary for the conduct of City business.

C. Night Meeting Meals

Meals taken by management employees assigned to attend night meetings will be reimbursed for actual dinner expenses up to \$20. Itemized receipts for meals must be maintained. Reimbursement should be requested on a Citywide Petty Cash Reimbursement form. To obtain the form, refer to the City’s Petty Cash Policy. The Petty Cash Reimbursement form must be accompanied by the meeting agenda.

Night meeting meal reimbursements are considered taxable income and will be added to the employee’s W-2.

D. SEIU Overtime Meals

Meals taken by SEIU employees working emergency and non-emergency overtime will be reimbursed in accordance with the contract between the City and SEIU, currently in the amount of \$10 for breakfast, \$15 for lunch, and \$20 for dinner. No receipts are required. Reimbursement should be requested on a Citywide Petty Cash Reimbursement form.

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E. Reimbursement for Personal Vehicle Use on City Business

City pool cars, assigned vehicles or public transportation should be used for trips between City facilities, to local meetings/training, or other events outside the City limits but within the Bay Area whenever possible. If a city vehicle or public transportation is not available or feasible, personal cars may be used and mileage will be reimbursed at the prevailing IRS rate for the distance between the employee's home and the destination or work and the destination, whichever is less. Mileage reimbursement requests shall include the number of miles driven, the employee address, and the purpose of the trip. Reimbursement requests that cover more than one date will be accepted on one form if the trips are for the same purpose or meeting.

Recipients of an automobile expense allowance may not receive personal vehicle mileage reimbursement, except in the case of business travel beyond the Bay Area counties of Santa Clara, Alameda, Contra Costa, Solano, Napa, Marin, San Francisco, San Mateo and Sonoma. In addition, CAO's and Department Heads who receive an automobile expense allowance in lieu of exclusive use of a City automobile may not use City pool cars for business use except on an emergency basis, which is documented by memo to the City Manager.

NOTE: Questions and/or clarification of this policy should be directed to the Administrative Services Department.