

TRAVEL AND EXPENSE REIMBURSEMENT POLICY

POLICY

The Santa Margarita Water District (“District”) takes its stewardship over the use of the District’s limited public resources seriously. The District’s public resources should only be used when there is a direct benefit to the District. The purpose of this Travel and Expense Reimbursement Policy is to provide limits and guidelines for reimbursement of expenses that are incurred in the conduct of District business. All reimbursements for travel and expenses shall be for the express purpose of performing tasks related to District business and must be authorized in advance by the Board of Directors, the General Manager or a District department head.

All reimbursements are to be made in accordance with the budget for that expense. Those seeking reimbursement should ensure that the proposed expenses are reimbursable before incurring the expenses.¹

PROCEDURES

This Policy applies to all “District Officials” which is defined to include all elected and appointed members of the Board of Directors, committees, designated employees, officers and all other District employees or independent contractors.

I. Eligible Expenses.

A. All requests for travel and/or expenses shall be related to District business. The maximum daily reimbursable expense limitation for lodging shall be \$125, meal allowance shall be \$71, and air fare shall be reserved as economy class. Expenses arranged by the secretary to the General Manager and paid directly by the District, such conference registration and/or lodging, shall not be included in the daily reimbursable expense limitation. Reimbursement for actual and necessary expenses are limited to the following activities and must also be consistent with all other requirements of this Policy:

1. Participation in regional, state, and national organizations whose activities are directly related to the District’s interests;
2. Communication with representatives of regional, state, and national government on District approved policy positions;
3. Attendance at and participation in conferences, workshops, training and educational seminars designed to improve skills and information levels;
4. Attendance at events that recognize service to the District by others;
5. Attendance at events in an official capacity;
6. Implementation of an approved strategy for attracting or retaining District businesses;

¹ This Policy satisfies the requirements of Government Code sections 53232.2 and 53232.3, and supplements the definition of actual and necessary expenses for purposes of state laws relating to permissible uses of public resources.

7. Meetings such as those listed above for which a meeting stipend is expressly authorized by this Policy or by state law;

Reimbursement of expenses incurred by Directors for all District business shall require approval in advance at a public meeting of the District. In the event that there is uncertainty if a request complies with this Policy, such individual should seek direction from the General Manager or General Counsel. The Directors shall review requests by the General Manager for travel reimbursements. The General Manager shall review all employee requests for travel. Any questions regarding the propriety of a particular type of expense must be resolved by the General Manager before the expense is incurred.

B. Non-reimbursable expenses include, but are not limited to:

1. The personal portion of any trip;
2. Political or charitable contributions or expenses related to attendance at partisan political events;
3. Family expenses, including spouse's expenses when accompanying the District Official or employee on District business, as well as expenses related to children, childcare, or pet-related expenses.
4. Entertainment expenses, including theater, movies (either in-room or at a public theater), magazines, newspapers, sporting events, gym, spa, and/or golf-related expenses or other cultural events;
5. Non-mileage personal automobile expenses, including repairs and traffic or parking fines;
6. Personal losses incurred while on District business;
7. Expenses that are reimbursed by another agency;
8. Cancellation charges resulting from the District Official's failure to change or cancel lodging or travel reservations in a timely manner (does not include change or cancellation fees caused by District business);
9. Alcoholic beverages;
10. Personal services such as haircuts, shoe shines, laundry/dry-cleaning, purchase of personal sundry items, etc.;
11. Expenses incurred by individuals other than the District Official;
12. Consumption of items in the in-room snack bar/container;
13. Travel expenses incurred when the District official has made arrangements to attend a meeting or conference and does not cancel these arrangements timely.
14. Personal telephone calls. Reasonable calls to immediate family to advise them of the District official's travel plans will be reimbursed subject to the District's daily limit.

II. Reimbursement Form.

Each District official is responsible for the accurate preparation of the District's reimbursement form and for providing all necessary accompanying receipts documenting each expense. For receipts that contain charges for non-reimbursable items, items to be reimbursed must be clearly identified (highlight, circle, check mark, etc.).

- A. Required Reimbursement Form. When a District official requests reimbursement for out-of-pocket expenses for items or services related to District business, they shall submit reimbursement requests on a District reimbursement form. The submitted reimbursement form shall include an explanation of the District business purpose for the expense and receipts evidencing each expense. Original itemized receipts to support all expenditures (including meals) for which reimbursement is sought, in addition to any credit card receipts, are also part of the necessary documentation. The appropriate approvals for employees are the signatures of the employee's supervisors. The secretary to the General Manager is designated as the position responsible for coordinating all travel arrangements. Reimbursement requests by the General Manager will be reviewed and approved by the Finance Director and/or Board of Directors.
1. District officials must submit their reimbursement form within sixty (60) calendar days of an expense being incurred. Failure to provide the required documentation in a timely fashion may result in the expense reimbursement being denied.
 2. District officials may not exceed the daily allowance for meals and incidental expenses while traveling as established and maintained by the Federal General Services Administration and as referenced in the Federal Internal Revenue Service (IRS) Publications 463 and 1542.
- B. Travel Requests and Authorization. When District officials are traveling on District business that requires an overnight stay or air travel, they shall submit a written travel request. The travel request shall be submitted prior to incurring expenses related to the travel and shall include an explanation of the purpose of the travel. Any travel advances and/or District credit card usage shall be requested in writing. The travel request shall be submitted to the General Manager no less than one (1) week in advance of the first travel day to allow for appropriate consideration and approval and to ensure the lowest possible fares. Upon completion of travel, a reimbursement form shall be completed and submitted to reconcile travel expenses. Travel expenditures should conform to each department's budget and to the maximum daily limit as noted in Section I. A.
- C. Public Records. Under the provisions of the California Public Records Act, all reimbursement forms, travel requests and any accompanying receipts are public records and subject to disclosure. The District shall prepare a report monthly of all such expenses and present it at a public hearing.

III. Transportation Expenses.

District Officials shall use the most economical mode and class of transportation reasonably consistent with scheduling needs and cargo space requirements. All out-of-state travel must be approved by the General Manager or Board of Directors prior to departure.

- A. Airfare: Air travel shall be booked as far in advance as possible to achieve the most reasonable airfares. Airfare expenses are limited to Coach or Economy classes. District employees will exercise good business judgment and planning to avoid last minute, expensive ticket purchases. Government and group rates offered by a provider of transportation services shall be used when available. If District business causes the District official or employee to reschedule a flight, then any resultant difference in airfare is reimbursable.

Personal travel included within the itinerary of a business trip, which results in additional costs will be paid by the employee.

Changes to previously approved travel arrangements, while en-route, shall not be taken for personal convenience if it increases the cost of the flight.

- B. Use of Privately Owned/Chartered Aircraft: Use of a privately owned aircraft for official District business, either directly or indirectly related, is prohibited. As such, reimbursement for private aircraft use will not be provided.
- C. Airport Parking: Expenses for parking a District or personal vehicle at the airport are reimbursable based on receipts. However, airport parking expenses shall be limited to the rates for long-term parking when travel requires parking in excess of twenty-four (24) hours.
- D. Use of District Vehicles: No allowance or reimbursement will be made for transportation expenses when a District-owned vehicle is used.
- E. Use of Personal Vehicles: If a District official uses his/her personal vehicle, automobile mileage is reimbursed at current IRS mileage reimbursement rates. These rates compensate the District official for gasoline, insurance, maintenance, and other expenses associated with operating the vehicle. This amount does not include bridge and road tolls, which are also reimbursable. The cost associated with using a personal vehicle for overnight travel shall be compared to the cost of air travel and eligible rental car or other transportation expenses. If the costs associated with using a personal vehicle for overnight travel exceed the comparable costs associated with air travel, and no compelling reason exists to use a personal vehicle instead of air travel, then the maximum reimbursement shall be based upon the costs of air travel.
- F. Car Rental: Car rental expenses should be compared to the projected costs of other means of transportation such as taxicabs, shuttle services, or public transportation. In determining whether to use a rental car, the costs of the rental, parking, and gasoline should be compared to the combined cost of such other forms of transportation. Rental car expenses shall only be authorized for District business purposes and when the travel

circumstances require the use of a rental car. Government and group rates must be used when available.

Compact size cars shall be used when available and adequate for travel needs. Advance reservations shall be made, whenever possible, to ensure the availability of the most economical class of vehicle. Limousines or chauffeur/driver rentals are prohibited.

Additional charges for optional insurance offered by rental car agencies are not an eligible expense. Directors and employees are covered for car rentals by existing District insurance policies, as long as the rental is made for business purposes. Fuel costs, parking fees, and bridge or road tolls related to rental car travel are eligible for reimbursement based upon receipts. Best efforts to fill-up gas tank before returning rental car must be made due to excessive gasoline charges by rental companies.

- G. Taxicabs and Shuttles: Expenses for taxicabs and/or shuttles for required travel shall be reimbursed based upon receipts. Such expenses may include an appropriate gratuity, not to exceed fifteen percent (15%). Required travel includes travel to and from airports, and to and from other locations when required for District business. District officials are encouraged to use complimentary shuttle service, when available, or the most economical method of travel.
- H. Fines for parking or speeding violations are not reimbursable.

IV. Lodging Expenses.

District officials shall use the most reasonably priced lodging accommodations when traveling on District business out of town. Lodging shall be limited to the minimum number of nights required to conduct District business. No lodging expenses in Orange County shall be reimbursed unless specifically approved by the Board of Directors.

- A. Government Rates: Expenses for lodging are eligible for reimbursement at actual rates, including taxes, for single accommodation when travel requires an overnight stay for District business purposes. Lodging expenses are limited to government rates, when available. Lodging expenses at rates less than the government rate are permitted. Lodging expenses must be documented by an original hotel bill.
- B. IRS Rates: If government rates are not available, lodging rates that are equal to or less than the IRS per diem rates for Orange County are also considered to be reasonable and are permitted.
- C. Median Retail Price: In the event that government rates are not available and there are no IRS per diem rates applicable to the travel location, lodging rates that do not exceed the median retail price for lodging for that area listed on discount websites, such as www.travelocity.com, www.hotels.com, www.priceline.com, or an equivalent service shall be considered reasonable.
- D. Maximum Group Rates: Lodging expenses associated with a conference, educational seminar, or other event sponsored by an association or professional organization shall not exceed the maximum group rates published by the conference if such group rates are available at the time of booking.

- E. Other Expenses: Hotel charges for telephone use (including long distance charges), internet access, and facsimile use are reimbursable as lodging expenses if they are directly related to District business.
- F. Shared Lodging: In the case of shared lodging (two or more travelers sharing a room on District business), each traveler should request reimbursement for such traveler's share of the lodging. If one of the travelers pays for the entire cost of lodging, that traveler shall be reimbursed for the entire accommodation cost, but should cross reference the other traveler's name on the reimbursement form.
- G. Travel Advances: District Officials may request a travel advance to cover anticipated expenses while traveling on District business. Travel advances will only be provided for non-local lodging costs and shall be approved by the General Manager or Board.

If possible, requests for a travel advance will be transmitted to the General Manager or Board fourteen (14) calendar days prior to the need in writing. Any unused advance must be returned to the District within ten (10) calendar days of return, along with the reimbursement form and receipts documenting how the advance was used in compliance with this policy.

V. **Meals and Other Incidental Expenses.**

- A. Meal Expenses: Meal expenses related to District business are reimbursable based upon receipts. Meal expenses must comply with applicable limits and reporting requirements of local, state, and federal law.
 - 1. Non-Local Travel: Any District official who is authorized to travel on the District business may receive, in addition to transportation and hotel accommodation expenses, a meal allowance for each day or part thereof. The maximum meal allowance shall not exceed the current IRS reimbursable rate.

Meal allowances shall be allowed or reimbursed only for days actually spent on District business, for programmed days of a conference or meeting, or for time spent in travel.
 - 2. Local Travel: Occasionally, District officials may be required to attend local meetings on District business during which a meal is served or necessary. Allowable expenses for such meetings include the cost of the meal and a reasonable tip.
 - 3. Reimbursement: When requesting any meal reimbursement, documentation to be submitted, shall include: a copy of the receipt, a description of the purpose of the meal, and a list of all persons present, including their organization and title. Reimbursable meal expenses shall not exceed a reasonable amount per person per meal, as set forth below.
 - 4. Meal Allowance Policy: For all non-local travel, District officials may request the standard meal allowance as permitted by the IRS, or reimbursement of actual meal expenses incurred. Reimbursement for actual expenses in excess of the established per diem shall be made only if receipts are provided and only to the

extent the actual expenses are reasonable. Per Diem or reimbursement for meals will not be allowed when a meal is provided within a registration fee.

If the District official is not on District business for the entire day, the meal allowance and associated gratuities shall not exceed the following rates per person:

(a) Breakfast: \$14

(b) Lunch: \$22

(c) Dinner: \$35

5. Alcohol. The District shall not reimburse District official for alcoholic beverages. Furthermore it is against District policy to consume alcohol during business hours while on the job. Alcoholic beverages shall not be consumed during working business meetings.

6. Tips. Other than meals (up to 15%), no tips will be reimbursed.

VI. Trainings and Workshops

A. In attending trainings and workshops, each Department and the Board of Directors shall be limited to expenditures within the approved budget.

VII. Other Allowable Expenses

A. Parking fees and toll charges. Receipts must be attached to the expense reimbursement form.

B. Telephone, internet or facsimile charges directly related to District business.

C. Other expenses related to District business may include, but are not limited to, set up of display booths, registration fees, rental of audio video equipment for a meeting, etc.

E. Any expenses not within this policy will not be reimbursed without prior approval of the General Manager or Board of Directors.

VIII. Reporting Requirements.

The District Board shall, at the first regular meeting following a meeting or conference attended at District expense, provide a brief oral or written report regarding the meeting or conference. If multiple elected or appointed officials attended, a joint report may be made.

IX. Violation of Policy

A. Elected or Appointed Officials: Use of public resources or falsifying expense reports in violation of this Policy may result in any or all of the following: 1) loss of reimbursement privileges; 2) a demand for restitution to the District; 3) the District reporting the expenses as income earned by the District Official to state and federal tax authorities; 4)

civil penalties of up to One Thousand Dollars (\$1,000) per day and three times the value of the resources used; and 5) prosecution for misuse of public resources.

- B. Employees: Use of public resources or falsifying expense reports in violation of this policy may result in any or all of the following: 1) loss of reimbursement privileges; 2) a demand for restitution to the District; 3) the District reporting the expenses as income earned by the employee to state and federal tax authorities; 4) civil penalties of up to One Thousand Dollars (\$1,000) per day and three times the value of the resources used; 5) prosecution for misuse of public resources; and 6) disciplinary action, including termination of employment.