SUBJECT: TRAVEL AND BUSINESS EXPENSE REIMBURSEMENT POLICY

PURPOSE: To provide policy guidance for the reimbursement of travel, subsistence and business expenses to the members of the Board of Port Commissioners (Commissioners), employees and agents of the San Diego Unified Port District (District), as necessary. The objectives of these guidelines are multifold:

- To ensure that Commissioners, employees and agents of the District, as necessary, are reimbursed on a timely basis for all appropriate business travel expenditures that they have incurred.
- To ensure that the District's travel, subsistence, and business expenses are cost effective and necessary for the District's business.
- To set guidelines as to what expenditures are considered appropriate and therefore reimbursable.

The District's Travel and Business Expense Reimbursement Policy (Policy) reflects a commitment to developing a strong presence in a competitive global environment for the betterment of the San Diego region. This Policy includes a commitment to actively identifying and nurturing business opportunities, maintaining key stakeholder relationships, acting on training and best-practices needs in cooperation and collaboration with other ports, associations and industry groups for the District's long-term success. The Policy seeks to achieve these goals in a responsible, transparent and accountable manner.

A list of definitions is included for reference as Appendix A to the Policy.

Commissioners, employees and agents of the District as necessary will comply with this Policy and the procedures detailed in Administrative Procedure 106-121, "Out-of-Town Travel on Authorized District Business," Administrative Procedure 128-213, "Business Mileage Reimbursement," and Administrative Procedure 124-106, "Mobile Device Use Procedure." These Administrative Procedures are established, approved and revised by the Executive Director or designee.

This Policy will be reviewed on an annual basis for compliance with Internal Revenue Service (IRS) regulations, California Government Code and District policies and procedures.
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1. Approvals

Commissioners, employees and agents of the District, as necessary, engaging in out-of-town travel for business or professional development purposes must obtain approval prior to the travel. It is expected, absent extenuating circumstances, that approval and travel arrangements be made at least three (3) weeks prior to the trip taking place to obtain optimal airline and hotel reservations.

Where more than one employee participates in a business activity, the individual at the highest level of authority must report the expense or obtain a higher level approval (e.g., a Vice President's approval for a Director's expense paid by an employee). It is inappropriate to have an individual at a lower level of authority report the expense, and for an individual at a higher level of authority approve the expense when both participated in the activity. Expenses must be approved by an individual at a higher level of authority than the individual(s) on whose behalf the expense was incurred.

The Chair of the Board of Port Commissioners (Chair) may designate appropriate representatives of the Board to participate in Port-related travel requirements early in the calendar year. The maintenance of a quorum of Commissioners within the District for all scheduled meetings shall be a consideration in the Chair's decision on assignments. Travel for employees is permitted at the discretion of each Department Head or designee and will be considered within the parameters of each department's adopted budget, while maintaining focus on the benefits to the District in relation to the anticipated costs for the proposed travel. Any individual submitting a fraudulent expense report will be subject to disciplinary action up to and including termination, as well as penalties under applicable IRS regulations.

2. General Expense Reimbursement Guidelines

2.1 Reimbursable and Nonreimbursable Expenses

The District has established the following guidelines for travel, subsistence and business expense reimbursement for all Commissioners and District employees. If a Commissioner requests reimbursement for an expense that does not fall within the adopted policy, the expense shall be approved by the Board in a public meeting before the expense is incurred. Reimbursement to employees for any expenses that have not been covered in this document, or are unusual in type or amount, must be explained in detail on the expense report and is subject to approval by the Executive Director or designee.

The District will reimburse for reasonable, properly approved and substantiated travel, subsistence, and business expenses in accordance with the guidelines set forth in this
Policy. Such expenses may result from attendance at District-related conferences, seminars or meetings; in-town transportation or out-of-town travel for business purposes; or other business-related expenses.

The District will not reimburse for any expense amounts not actually incurred. For example, the District will not reimburse an amount in lieu of hotel costs when an individual stays with friends or relatives, nor will the District reimburse meal costs if in fact the actual costs were paid by another party.

If travel is personal and part business, then the travel expenses should be allocated between the reimbursable business portion and the nonreimbursable personal portion. The District does not reimburse the nonbusiness portion of travel expenses.

A list of the reimbursable and non-reimbursable expenses are listed in Appendix B. Commissioners and employees should refer to the remaining detailed sections of this policy to understand the limitations in each area.

2.2 Time Frames

The following are required time frames for receiving and returning travel advances and submitting travel expense reports. Failure to account for travel advances within following time frames may result in the suspension of privileges to obtain further advances and/or participation in future District-paid travel and the amount will be treated per IRS regulations.

- A travel advance must be accounted for within thirty (30) days of when an expense is paid or incurred.
- Expenses to be reimbursed must be reported and prepaid expenses must be accounted for within sixty (60) days after expenses are paid or incurred.
- A travel advance in excess of substantiated and allowable expenses must be returned to the District within one hundred twenty (120) days.

Written reminders will be sent to Commissioners and employees who have received travel advances and/or incurred prepaid expenses and who fail to submit an expense report within thirty (30) days of completion of the trip.

Employees terminating employment must file expense reports at least five (5) working days before the last date of employment. Failure to do so may result in the District denying the reimbursement request.
2.3 Substantiation of Expenses

Each traveler submitting a Travel Expense Report Statement must also submit a Travel Report explaining the trip. The Report should summarize the highlights of and/or the key results of the trip. Commissioners must provide a brief verbal report at the next regular meeting of the Board.

Substantiation of travel expenditures must include the following items:

- The amount of the travel expenditures.
- The dates of employee departure and return, and the number of travel days spent on business away from home.
- The destination or locality of the travel, described by name of city or town or other similar designation.
- The business reason for the travel or the business benefit gained or expected to be gained.

Pursuant to California Government Code, Commissioners must provide itemized receipts for all expenses regardless of the amount. The Executive Director, Port Attorney, Port Auditor, Executive Vice Presidents and Vice Presidents must also provide itemized receipts for all expenses regardless of the amount.

For all other employees, the District requires that itemized receipts must be provided for all expenditures of $25 or more.

For both Commissioners and employees, each receipt must be imprinted with the name of the business and date. In those instances where a receipt is lost or otherwise unavailable, a written statement of the circumstances must be attached and may, or may not, be accepted for reimbursement, depending upon the circumstances.

2.4 Cancellation and Penalties

If a conference or seminar registration fee, airline ticket, or hotel deposit was prepaid by the District, and the employee is unable to travel and the prepayments are not refundable, the employee shall reimburse the District for all prepaid costs, unless the inability to attend is for valid medical reasons, personal emergencies, or trip cancellation by the District or customers in the case of sales calls. In the case of trip cancellation, Commissioners and employees shall return any travel advance promptly to the District. Employees shall also reimburse any non-refundable prepayment promptly to the District.
2.5 Loss and Theft of Personal Effects

Commissioners and employees are encouraged to leave valuable items at home. If that is not possible, items should be placed in a hotel safe when available.

In the case of losses during foreign travel, the District may have some coverage under a foreign liability policy. In the event of loss or theft of personal effects where District insurance does not exist, the Commissioner or employee may choose to file a claim against their personal auto and/or homeowner's insurance policies for reimbursement if possible. Insurance deductibles for damaged, lost or stolen items may be reimbursed on a case-by-case basis.

3. Travel and Subsistence Expenses

3.1 Air Travel

3.1.1 Travel Services Coordinator/Travel Management Company

All airline tickets shall be obtained through the Travel Services Coordinator/Travel Management Company. All unused tickets, refundable or nonrefundable, shall be returned to the Travel Services Coordinator/Travel Management Company for credit or reuse. All lost or misplaced tickets must be reported to the Travel Services Coordinator/Travel Management Company who will arrange replacement or refund. Commissioners and employees shall not exchange airline tickets purchased by the District. Any exchanges shall be administered by the Travel Services Coordinator/Travel Management Company.

3.1.2 Airfares

Air travel by Commissioners and employees ordinarily should be at the lowest fare available for the applicable class of service that permits travel at reasonable times and with reasonable itineraries taking into consideration business needs, total travel time, the nature of the trip and the participants. This is inclusive of the District's intent to support San Diego region businesses, which includes direct international flights to and from San Diego International Airport. The cost of upgrading an air ticket from a reimbursable class of service to a higher class of service (e.g., the charge to upgrade plus the differential between the lowest applicable fare available and any higher fare that is required to upgrade), is considered a personal expense. This applies to Commissioners or employees who opt to upgrade their air tickets at a cost that exceeds the following reimbursable guidelines:

- For air travel within the United States (including Hawaii and Alaska), Mexico and Canada; Coach fare basis.
• For air travel outside the United States, Mexico and Canada, Business Class fare (or First Class if Business Class is not available.) For flights under this rule, the domestic leg/connecting flight may be booked as Business Class fare as well.

Exceptions may be allowed for free upgrades, upgrades paid by the traveler, or upgrades necessitated by documented medical or physical condition under the Americans with Disabilities Act.

3.1.3 Discounted Fares

Commissioners and employees are expected to take advantage of the advance ticket pricing. However, where discounted fares are available only with penalties for cancellation or change, the probability of cancellation or change should be weighed against the amount of the discount, the size of the penalty, and the likelihood of future use.

To obtain the most economical fare when booking air travel, Commissioners and employees should provide general departure and arrival times, rather than specific carriers and flights. The ideal reservation is one with the least cost but is not unduly inconvenient.

Ordinarily, individuals may choose to depart one or two days early (e.g., on a Saturday for a meeting beginning on Monday morning) or to stay one or two extra days (e.g., until Sunday after a meeting ending on Friday or Saturday) if by doing so they are able to obtain a discounted airfare which they would not otherwise receive, and as long as the combined cost of the discounted airfare and additional allowable expenses are less than the cost of the lowest airfare otherwise available. If the additional travel does not meet these guidelines, it will be treated as a personal expense.

3.1.4 Public Transportation

Out-of-town travel may entail the use of taxis, shuttles, livery service, ferries, buses or other public transportation to go to and from the airport or for movement around a metropolitan area. Cities differ in the types of cost-effective transportation that they offer for transfers to and from airports or around the city. Individuals should choose the least expensive, safe and direct type of transportation. In general, transportation to and from the airport should be by airport shuttle unless unavailable. Other reasonable transfer costs will be reimbursed.

When a personal automobile is used for transfer to an air, rail, or ship terminal, day parking at terminals will be reimbursed; however, automobiles should not be parked for extended periods at terminals unless the combined cost of mileage reimbursement and parking is less than other available transfer costs. See section entitled “Parking” for a further explanation of reimbursable parking expenses.
3.1.5 Travel of a Spouse, Significant Other, Family Member or Friend

The cost of travel and any related cancellation fees for a spouse, significant other, family member, or friend is considered a personal expense and is not reimbursable by the District.

3.1.6 Airline Air Phone Usage

Except in emergencies, usage of air phone service is reimbursable only for District business purposes.

3.1.7 Frequent Flyer Award Programs

The District does not reimburse individuals for the value of frequent flyer miles or points redeemed to acquire airline tickets or hotel rooms for out-of-town travel on District business.

Individuals may use frequent flyer miles or points earned through business travel for personal purposes (e.g., personal or family travel). Commissioners and employees may use frequent flyer miles or points to upgrade from a reimbursable class of service to a higher class of service. However, where there is a monetary cost in upgrading, e.g., a charge to upgrade or a higher fare is required, such costs are a personal expense.

Membership dues in frequent flyer and similar award programs (e.g., American Express Membership Rewards Program or Diners Club Rewards) are a personal expense.

3.2 Automobile Travel and Rental Cars

3.2.1 Mileage Allowance and Tolls

Individuals may opt to drive to an out-of-town location instead of fly, if economically feasible. When it is necessary for individuals to travel by personal automobile to out-of-town locations, two or more persons should travel in the same automobile whenever practical to reduce expenses. When a personal automobile is used to travel to an out-of-town location on District business, the District will reimburse tolls paid and actual mileage driven at the District established mileage rate. In these cases, the District will reimburse the lower of either the least authorized class of fare available and transfers at that time, or the cost of mileage and tolls paid. The maximum reimbursement shall not exceed the cost of the least expensive authorized class of airfare to the same location.
3.2.2 Parking

The District will reimburse reasonable parking costs incurred while using an automobile on out-of-town District business. The District will reimburse the lesser of the parking cost for a personal vehicle left at the long term parking facility, the cost of a shuttle service, or the cost of a taxi to and from the airport. See section entitled “Public Transportation” for a further explanation of reimbursable transfer expenses.

3.2.3 Rental Cars

Use of automobile rentals while on out-of-town business travel should be limited to those circumstances where the need for an automobile for business purposes is expected to be extensive, where safety of the traveler is a concern, or the use of taxi services or public transportation would not be economical or practicable.

Reservations for a rental car must be made through the Travel Services Coordinator/Travel Management Company so that the optimal reservation can be obtained. When use of a car rental is required, the District will reimburse the expense up to a mid-size vehicle, unless the number of persons traveling requires a larger car. If the District's business is located in the same hotel in which the individual is staying, the cost of the rental car will not be reimbursed unless a vehicle is needed to make a significant amount of business related travel at the travel destination. If using a rental car or personal vehicle, use of a taxi or shuttle is not reimbursable, unless it is more economical (e.g., where the hotel’s parking fee is $20 per day, with no in/out privileges).

Detailed and itemized car rental receipts are required for reimbursement of the cost by the District to the Commissioner or employee. The receipt shall include: make of the car, price per day or week, taxes, and other charges as assigned. A copy of the car rental contract must accompany the reimbursement request. Copies of credit card billing receipts not listing itemized details are insufficient for reimbursement.

3.2.4 Insurance Coverage for Rental Cars

The District's Business Auto Policy (BAP) provides liability, collision, and comprehensive coverage for vehicles rented in the United States, territories and possessions of the U.S., Puerto Rico and Canada by Commissioners and employees while on District business. Additionally, the District has a Travel Accident Policy that provides benefits in the event of accidental death or dismemberment while Commissioners and employees are traveling worldwide on District business. Therefore, while traveling in the U.S., Commissioners and employees should decline all optional liability, property damage and other coverage and waivers offered by the various car rental companies. Commissioners and employees who purchase such coverage and waivers do so at their own expense.
The District’s BAP does not provide liability or property damage coverage for vehicles rented in foreign countries other than Canada. Therefore, if and when District Commissioners and employees rent vehicles in foreign countries other than Canada, they should accept all liability insurance coverage and physical damage waivers offered by the rental companies.

3.2.5 Refueling Charges on Rental Cars

Rental car company charges for refueling the car upon return are very expensive. Individuals should make every effort to refuel the car before returning it. If it is offered, and a gas station is not reasonably close to the rental car facility, the traveler should consider pre-paying gasoline.

3.2.6 Personal Use of Rental Cars

Should individuals elect to rent a car even though it is not necessary for use in traveling to and from seminar/conference sites and local restaurants (within a reasonable distance), the car rental is considered a personal expense. All costs of cars rented for personal use (entertainment, shopping, visitation of a friend, etc.) are a personal expense. If a car is rented for combined business and personal use, the total cost of the rental should be allocated between reimbursable business and nonreimbursable personal expense.

3.3 Lodging and Associated Expenses

3.3.1 Lodging

The hotel and type of room selected will be managed by the Travel Services Coordinator/Travel Management Company to obtain appropriate accommodations at the best available rates. Whenever possible, the Traveler should stay at the seminar/conference or business meeting sites to take advantage of group rates and avoid incurring unnecessary transportation costs for taxis or rental cars.

If a hotel reservation must be cancelled, it is the responsibility of the traveler to advise the hotel prior to the arranged date of arrival to avoid “no show” charges.

3.3.2 Laundry and Dry Cleaning

On out-of-town business travel consisting of three (3) or more consecutive nights, the District will reimburse reasonable laundry and dry cleaning costs. The District does not reimburse for laundry and dry cleaning costs on out-of-town business travel of fewer than three (3) consecutive nights.
3.3.3 Additional Hotel Charges

Lodging includes only the cost of a single occupancy room and related costs such as room taxes. Meal costs included on the hotel bill should be classified as "Meals." Other business expenses, e.g., business faxes, included on the hotel bill should be accurately classified on the Travel Expense Report. Personal expenses included on the hotel bill, e.g., in-room movies, should be redacted as personal expenses and should not be submitted for reimbursement. Refer to section 2.3, Substantiation of Expenses for further detail.

3.4 Meals and Associated Expenses

3.4.1 Meals

Commissioners and employees are reimbursed for reasonable, actual meal costs that are appropriate for the different circumstances.

3.4.2 Meals and Entertainment with Business Associates

The District encourages activities with business associates who may assist in business development for the District. The business associates entertained and the form of entertainment should be directly related to District business.

Documentation for business entertainment must include the following items:

- The amount of each separate entertainment expense. Incidental items such as taxi fares and telephone calls may be totaled on a daily basis.
- The date the entertainment took place.
- The name, address, or location and the type of entertainment (e.g., dinner, theater, etc.), if the information is not apparent from the designation of the location.
- The reason for the entertainment, or the business benefit gained or expected to be gained, and the nature of any business discussion or activity that took place.

Commissioners and employees must submit adequate substantiation for the expenses claimed or they will not be reimbursed.

3.5 Foreign Currency Conversion

Reimbursement for travel to a foreign country shall be calculated at the average posted exchange rate during the trip, unless the currency exchange receipt or printout from a currency exchange rate site (such as www.oanda.com) showing the date of travel and the
conversion rate is attached. The District will not accept out-of-town expense reports, or the return of travel advances, calculated in foreign currency. Refunds to the District on travel advances paid to Commissioners and employees will be made in U.S. currency only.

3.6 Third-Party Payments

Travel and subsistence expenses received from third parties shall be disclosed in compliance with California Code of Regulations as promulgated by the California Fair Political Practices Commission.

4. Other Business Expenses

4.1 Gratuities

Gratuities paid while out on District business are reimbursed based on actual amounts expended up to maximums identified below plus or minus $1.00. Gratuities are normally identified separately when paid to bellmen or airport porters. Gratuities for meals and transportation are normally included in the expenses for these categories. Receipts are not required for gratuity reimbursement.

Reasonable gratuities by category are:

- Meals Not greater than 18%
- Other travel services 15%

Gratuities greater than the amounts identified above are considered personal expenses and are not reimbursable.

4.2 Telephone Calls

4.2.1 Business Telephone Calls

The District will reimburse any business-related calls made while out of town on District business. Commissioners and employees are encouraged to use the lowest cost option for these calls; for instance, dialing directly from a hotel room should be the last resort as it is the typically the highest cost alternative.
4.2.2 Personal Telephone Calls

The District will reimburse the reasonable cost of one telephone call per day made by an individual to his or her family or significant other during an out-of-town assignment. Use the lowest cost option for this call, dialing directly from your hotel room should be the last resort as it is typically the highest cost alternative.

4.3 Cellular Phones

Within the United States, those with a District issued cellular phone should use it as usual for business calls and the allowable personal call per day. Outside the United States, refer to Administrative Procedure No. 124-106, Mobile Device Use Procedure.

4.4 Business Fax and Overnight Shipping Charges

Business fax charges and overnight shipment charges while traveling are reimbursable expenses. Generally, fax charges, if available through the hotel's business center, are the least expensive.

4.5 Office Supplies

The District maintains an inventory of standard office supplies used routinely in its work. Supplies that are not standard and are a personal preference are considered a personal expense. In most cases, individuals should not purchase supplies directly. In rare cases, e.g., on out-of-town travel, where it is impractical to obtain supplies from the office, individuals may purchase supplies directly, subject to approval on the Travel Expense Report.

4.6 Promotional Expenses – Local

When authorized and required to make expenditures locally on District business, Commissioners and employees are entitled to receive reimbursement for necessary expenses incurred.
Appendix A

Definition of Terms

Agent of the District: An agent of the public, State or government; a person authorized to act for the public in some manner pertaining to the administration of government or to aid District officials in the performance of the public interest.

Coach Fare: Any fare available in the Coach cabin. Economy plus/coach elite seating service may vary from airline to airline and use various names, but it is in the economy/coach cabin and is considered Coach Fare.

In-town Transportation: Travel that does not fall under the category of out-of-town travel defined below.

Livery Service: A business that keeps vehicles that people can hire (usually alternate transportation such as boats).

Out-of-town Travel: When a traveler is required to be away from the general area of their home substantially longer than an ordinary day's work and the traveler needs to sleep or rest to meet the demands of work while away from home. Generally that would mean a location outside of San Diego County.

Reasonable Calculation for a Travel Advance: The amount of money advanced does not exceed the amount of anticipated expenditures.

Reasonable Time for Issuance of a Travel Advance: Within thirty (30) days of when an expense is paid or incurred.

Reasonable Time for Substantiation of Expenses to the District: Within sixty (60) days after it is paid or incurred.

Reasonable Time for Return of Travel Advance Amount Not used: Within one hundred twenty (120) days.
Appendix B

Reimbursable Expenses

The following out-of-town travel, business and subsistence expenses, when reasonable and properly substantiated, are reimbursable through timely expense reporting:

- Air, ship, or train travel
- Airline baggage check fees
- Foreign transaction fees when on international travel
- Insurance deductible and amounts not reimbursed by insurance for damage to a personal automobile while on District business may be reimbursed on a case-by-case basis
- Insurance deductible and amounts not reimbursed by insurance for theft of, or damage to, personal property from an automobile, hotel room, or office being used while on District business may be reimbursed on a case-by-case basis
- Transportation costs, including taxi fares, ferries, shuttles, etc., when necessary for business transfers
- Hotel or other lodging costs with itemized bill
- Hotel gym usage (excluding spa services, if any)
- Gratuities (up to a maximum of 18% for meals and 15% for other travel services, plus or minus $1.00)
- One personal telephone call home per day
- Laundry and dry cleaning for travel requiring 3 or more consecutive nights away from home
- Rental car costs when necessary for out-of-town travel
- Mileage, parking charges, and tolls when using an automobile for District business
- Telephone and fax charges for business purposes while traveling Internet access fees
- Overnight shipment charges for business purposes while traveling
- Seminar and conference registration costs
• Meals and/or entertainment of business associates, in connection with a specific business purpose

• Meals and/or refreshments only for employees in connection with a specific approved group-related business activity (pre-approval of the Executive Director or Executive Vice President is necessary)

• Supplies, books, and equipment, if needed for seminars or conferences

Nonreimbursable Expenses

The following are examples of travel and subsistence and business expenses which are not reimbursed by the District:

• Alcohol and liquor served at meals, unless consumed by business associates

• In-room personal consumption of hotel mini-bar contents (except non-alcoholic contents, e.g., bottled water, soda or snacks)

• In-room movies or video games

• In-flight movies, airplane head set rental

• Laundry and dry cleaning for travel requiring fewer than three (3) consecutive nights away from home

• Newspapers and magazines

• Toiletries (Reasonable exception may be made in extraordinary circumstances where baggage is lost for an extended period of time and business is to be conducted upon arrival. Proof of lost luggage required.)

• Personal items and services (e.g., baby-sitting, haircuts, kennel fees, etc.)

• Apparel purchases (business or casual) (Reasonable exception may be made in extraordinary circumstances where baggage is lost for an extended period of time and business is to be conducted upon arrival. Proof of lost luggage required.)

• Travel insurance (the District’s insurance provides coverage)

• Alarm clocks

• Cost of charter or rental of aircraft

• Parking tickets and traffic fines
- Gasoline, car washes, oil changes, and other maintenance or repair services for personal automobiles used on business trips (the District reimburses automobile expenses based on rate per mile driven which includes auto-related expenses)
- Car washes for rental cars
- Meals or entertainment with persons that have no direct business purpose
- Meals, refreshments, or entertainment among employees unless pre-approved by the Executive Director or Executive Vice President
- Dinner shows
- Unreasonably costly expenditures (e.g., meals at inappropriately expensive restaurants)
- Personal entertainment
- Gifts by employees to other employees, holiday greeting cards, etc.
- Briefcases (unless approved and purchased by the District)
- Office supplies such as pens and pencil sets, pocket calculators, or electronic devices such as daily organizers and personal digital assistants (unless approved and purchased by the District)
- Personal credit or debit card fees (e.g., transaction, membership or annual fees) except foreign transaction fees while on international travel
- Political contributions
- Membership dues in airline clubs for employees
- Membership dues in frequent traveler award programs (e.g., American Express Membership Rewards Program, etc.)
- Expenses incurred for the purpose of supporting or opposing, or raising money to support or oppose any candidate, ballot measure, or political party
- Expenses incurred with any club or organization that discriminates on the basis of race, gender, religion, sexual orientation, or other individuating criteria in its membership policy.

RESOLUTION 2012-118

RESOLUTION AMENDING BOARD OF PORT COMMISSIONERS POLICY NUMBER 641, TRAVEL AND BUSINESS EXPENSE REIMBURSEMENT POLICY

WHEREAS, the San Diego Unified Port District (District) is a public corporation created by the legislature in 1962 pursuant to Harbors and Navigation Code Appendix 1 (Port Act); and

WHEREAS, Section 21 of the Port Act authorizes the Board of Port Commissioners (Board) to pass all necessary ordinances and resolutions for the regulation of the District; and

WHEREAS, as part of the District's commitment to continuous improvements of its policies and alignment with best practices of public agencies, the President/CEO directed District staff to provide recommendations to the Board for revisions to Board Policy number 641, Travel and Business Expense Reimbursement Policy (Policy); and

WHEREAS, a team of District staff from Audit and Risk Management, Executive Offices, Financial Services, Port Attorney's Office, and the Office of Commissioner and Travel Services reviewed the existing Policy and recommended revisions; and

WHEREAS, District staff review the recommended Policy for compliance with the California Government Code sections 53232.2 and 53232.3, Internal Revenue Publication 463 – Travel and Entertainment, Gift and Car Expenses; and

WHEREAS, District staff reviewed for best practices the San Diego County Taxpayers Association recommendations on Travel and Business Expense Reimbursement approved by the association's board on May 14, 2010 and MasterCard Corporate Payment Solutions, "Best Practices Guide"; and

WHEREAS, District staff reviewed, as benchmarks, the State of California, University of California, San Diego County Regional Airport Authority, City/Port of San Francisco, City/Port of Los Angeles, Port of Long Beach, Port of Hueneme, Port of Stockton, Port of Sacramento, Department of Defense, "the Joint Travel Regulations, Volume 2 for Civilian Personnel"; and
WHEREAS, the recommended revisions to Board Policy number 641, (Attachment C to the corresponding Agenda Sheet) strive to consolidate and clarify information to make the Policy easier for Commissioners, employees and the public to understand and thus results in increased transparency.

NOW, THEREFORE, BE IT RESOLVED by the Board of Port Commissioners of the San Diego Unified Port District, as follows:

That Board of Port Commissioners Policy Number 641, Travel and Business Expense Reimbursement Policy, as amended, a copy of which is on file in the office of the District Clerk, is hereby adopted.

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 14th day of August, 2012, by the following vote:

AYES: Burdick, Malcolm, Moore, Nelson, Peters, Smith, Valderrama
NAYS: None.
EXCUSED: None.
ABSENT: None.
ABSTAIN: None.

Louis M. Smith, Chairman
Board of Port Commissioners

ATTEST:

Timothy A. Deuel
District Clerk
SAN DIEGO UNIFIED PORT DISTRICT

DATE: August 14, 2012

SUBJECT: RESOLUTION ADOPTING REVISIONS TO BOARD OF PORT COMMISSIONERS (BPC) POLICY NO. 641, TRAVEL AND BUSINESS EXPENSE REIMBURSEMENT POLICY

EXECUTIVE SUMMARY:

As part of the San Diego Unified Port District’s (District) continuous improvement of policies and procedures, staff has been working to recommend a number of revisions to BPC Policy No. 641, Travel and Business Expense Reimbursement Policy (Policy).

The majority of changes to the policy are to eliminate redundancies and to clarify and simplify the language. In addition, the current policy contains a number of sections that are procedural or administrative in nature. Staff recommends removing those sections to an Administrative Procedure that may be updated at the discretion of the President/CEO or designee to allow staff to be more effective and efficient in administrative handling of travel and expense reporting.

RECOMMENDATION:

Adopt a Resolution Revising Board of Port Commissioners (BPC) Policy No. 641, Travel and Business Expense Reimbursement Policy.

FISCAL IMPACT:

This agenda item has no fiscal impact.

COMPASS STRATEGIC GOALS:

The District’s Travel and Business Expense Reimbursement Policy reflects a commitment to developing a strong presence in a competitive global environment for the betterment of the San Diego region. This Policy includes a commitment to actively identifying and nurturing business opportunities, maintaining key stakeholder relationships, acting on training and best-practices needs in cooperation and collaboration with other ports, associations and industry groups for the District’s long-term success. The Policy seeks to achieve these goals in a responsible, transparent, and accountable manner.

The District is also looking to partner within the region by reaching out to public agencies, non-profit organizations and stakeholders in order to leverage our limited resources and maximize our "Return on Involvement" based on a shared vision to invest

ACTION TAKEN: 08-14-2012 - Resolution 2012118
in and grow our regional economy. In order to identify specific new avenues of cooperation, staff has invested in a number of local and regional relationships.

This agenda item supports the following Strategic Goal(s).

- A Port that the public understands and trusts.
- A Port with an innovative and motivated workforce.
- A financially sustainable Port that drives job creation and regional economic vitality.

**DISCUSSION:**

As part of the District's commitment to continuous improvements of its policies and alignment with best practices of public agencies, the President/CEO has directed staff to provide recommendations to the Board for revisions to Board of Port Commissioners Policy No. 641, Travel and Expense Reimbursement Policy (Policy).

A team of employees from Audit and Risk Management, Executive Offices, Financial Services, the Port Attorney's Office, and the Office of Commissioner and Travel Services reviewed the existing Policy and recommended changes. A Summary of Recommended Changes to BPC Policy No. 641 is included as Attachment A.

Staff reviewed the recommended Policy for compliance with the following laws and regulations:
- California Government Code Sections 53232.2 and 53232.3
- Internal Revenue Publication 463; Travel and Entertainment, Gift and Car Expenses
- Fair Political Practices Commission regulations

Staff also used the following references for best practices:
- San Diego County Taxpayers Association (Taxpayers Association) Recommendations on Travel and Business Expense Reimbursement approved by their Board on May 14, 2010
- Mastercard Corporate Payment Solutions, "Best Practices Guide"

Staff considered the following public agencies as benchmarks. A matrix, Comparison of Travel Policies by Subject, is included as Attachment B:
- State of California
- University of California
- San Diego Regional Airport Authority
- City/Port of San Francisco
- City/Port of Los Angeles
- Port of Long Beach
- Port of Hueneme
- Port of Stockton
- Port of Sacramento
- Department of Defense, "The Joint Travel Regulations, Volume 2" for Civilian Personnel
The Recommended Revisions to BPC Policy No. 641 (Attachment C) strive to consolidate and clarify information to make the Policy easier for Commissioners, employees and the public to understand and thus results in increased transparency. A version of the policy with all redlined, recommended changes incorporated is included (Recommended Policy with Revisions Incorporated) as Attachment D for ease of review.

Port Attorney's Comments:

The Port Attorney's Office has been actively involved in promulgating and assisting in drafting the proposed revisions to the Policy. The Board may analyze the issues presented and take appropriate action.

Environmental Review:

This presentation to the Board does not constitute a "project" under the definition set forth in California Environmental Quality Act (CEQA) Guidelines Section 15378 and is therefore not subject to CEQA.

Equal Opportunity Program:

Not Applicable.

PREPARED BY: Donna Morales
Manager, Commissioner Services

Attachment(s):
Attachment A: Summary of Recommended Changes to BPC Policy No. 641
Attachment B: Comparison of Travel Policies by Subject
Attachment C: Recommended Revisions to BPC Policy No. 641
Attachment D: Recommended Policy with Revisions Incorporated
<table>
<thead>
<tr>
<th>Section</th>
<th>Description of the Change</th>
<th>Reasoning</th>
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<tbody>
<tr>
<td>Overall</td>
<td>• Consolidate information contained in various sections together.</td>
<td>• Increase readability and clarity for the traveler, the approver and the public.</td>
</tr>
<tr>
<td></td>
<td>• Remove IRS regulation language and simplify.</td>
<td>• The District has a variety of Administrative Procedures that are approved at the discretion of the President/CEO or designee. Staff recommends that the administrative procedures related to travel (e.g., the forms that must be completed, details about how travel is booked, how staff processes expense reports) be under the purview of the President/CEO in order to allow the District to be effective in administering the policy.</td>
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<td></td>
<td>• Remove procedural and administrative portions of the Policy to an Administrative Procedure, which is approved by the President/CEO or designee.</td>
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<td></td>
<td>• Change language from should to shall (from guidelines to requirements.)</td>
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<tr>
<td>Purpose</td>
<td>• Move Executive Summary to the beginning and add Subject and Purpose sections headings.</td>
<td>• Consistency with other Board Policies.</td>
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<tr>
<td></td>
<td>• Add a paragraph detailing the reasons for and benefits of District travel and business expenses.</td>
<td>• 2010 San Diego County Taxpayers Association recommends, “All policies should have detailed purposes and/or objectives that outline the intent of the policy at-hand.”</td>
</tr>
<tr>
<td></td>
<td>• Add compliance with associated administrative procedures and a provision for annual review for compliance with IRS regulations, CA Government Code and Port policies and procedures.</td>
<td>• Reference other related document and provide for a review of the policy on a regular basis.</td>
</tr>
<tr>
<td>1. Approvals</td>
<td>• Add a section to consolidate all information relating approvals to that section.</td>
<td>• Clarifies that the Port adheres to the 2010 San Diego County Taxpayers Association recommendation, “There should be a mechanism in place to avoid all apparent and perceived conflicts of interest, such as ensuring that no one approves their own expenses.”</td>
</tr>
<tr>
<td>2. General Reimbursable Guidelines</td>
<td>• Add a provision that Commissioner requests for an expense not falling within the policy shall be approved by the Board in a public meeting before the expense is incurred.</td>
<td>• Pursuant to Government Code section 53232.2(f).</td>
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<tr>
<td></td>
<td>• Move listings of Reimbursable and Nonreimbursable Expenses to Appendix B.</td>
<td>• Highlights that the Port adheres to the 2010 San Diego County Taxpayers Association recommendation, “All policies should contain a list of the types of reimbursable expenses as well as a list of specific non-reimbursable expenses, such as alcohol or recreation.”</td>
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</table>
This summary is intended to capture the major changes to the policy, and is not intended to be comprehensive of all changes. For all changes to the Policy, please see the "redline version."

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<tr>
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<tbody>
<tr>
<td>2.2 Time Frames</td>
<td>• Rename “Accountable and Nonaccountable Plans” to “Time Frames.”</td>
<td>• Better reflects the intent of the section, consolidates all information relating to time frames to one section and simplifies for improved readability and clarity. Highlights that the Port adheres to the 2010 San Diego County Taxpayers Association recommendation, “If cash advances are offered, there should be a requirement and a deadline to return unused monies.” and “Expense reports should be required with appropriate deadlines set to ensure compliance with the Internal Revenue Service (IRS).”</td>
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<tr>
<td>2.3 Substantiation of Expenses</td>
<td>• Added a requirement for Commissioners to report out at a Board meeting after each trip.</td>
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<td>• Added requirement for all receipts for Commissioners, the President/CEO, Port Attorney, Port Auditor and Executive Vice Presidents and Vice Presidents.</td>
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<td></td>
<td>• Removed recommendation to submit receipts for under $25 for employees.</td>
<td>• Pursuant to California Government Code Section 53232.3 (c).</td>
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<td></td>
<td></td>
<td>• In order to improve transparency, staff recommends that the District’s executives (President/CEO, Port Attorney, Port Auditor, Executive Vice Presidents and Vice Presidents) adhere to the same receipt requirements as the Commissioners.</td>
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<td>• Employees are not bound by the same provisions of the California Government Code.</td>
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<td>• Our requirement of a receipt over $25 is more stringent than IRS regulations and the Federal Joint Travel Regulations, which both require receipts over $75.</td>
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<td></td>
<td>• Considering that the District is a smaller organization, and the administrative burden of handling, tracking and processing receipts for small amounts, staff recommends that the current practice for employees remain the same, and simply remove the confusing language that recommends that these receipts be submitted even though they are not required.</td>
</tr>
<tr>
<td>2.5 Loss &amp;Theft of Personal Effects</td>
<td>• Add Loss and Theft of Personal Effects section.</td>
<td>• To clarify what is reimbursable.</td>
</tr>
</tbody>
</table>
### Table: Summary of Changes

<table>
<thead>
<tr>
<th>Section</th>
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</tr>
</thead>
<tbody>
<tr>
<td>3.1.1 Travel Services Coordinator/Travel Mgmt. Company</td>
<td>• Require that all travel be arranged through the Travel Services Coordinator (change language from should to must).</td>
<td>• Mastercard Travel and Entertainment Best Practices Guide recommendation, “Consider Centralization of Corporate Travel Management Functions for Domestic and International Offices.” • Aligns with Federal Joint Travel Regulation practices and related to centralization of travel management.</td>
</tr>
<tr>
<td>3.1.2 Airfares</td>
<td>• Remove provision for preference to San Diego International Airport. • Add an exception for upgrades necessitated by documented medical or physical condition under the Americans with Disabilities Act. • For air travel within the United States (including Hawaii and Alaska), Mexico and Canada, Coach fare basis. • For air travel outside the United States, Mexico and Canada, Business Class fare (or First Class if Business Class is not available.) For international flights under this rule, the domestic leg/connecting flight may be booked as Business Class fare.</td>
<td>• Increase flexibility for flights out of other airports (e.g., Los Angeles International Airport, McClellan-Palomar Airport, etc.). • The airfare section of the Policy is the area that staff recommends the most dramatic revisions from a policy perspective. It has been many years since the Policy concerning airfares was revised. About half of the agencies benchmarked had a policy of Coach fare only no matter the duration of the flight. Staff believes this requirement is onerous for extremely long flights, and recommends a policy that recognizes the rigors of international business travel wherein Commissioners and employees are expected to conduct business the same day or first thing in the morning upon arrival at a destination. In these cases, Coach fare for a long duration can be problematic for the traveler. The District needs Commissioners and staff to be refreshed and ready for business upon arrival.</td>
</tr>
<tr>
<td>4.1 Gratuities</td>
<td>• Add a threshold of plus or minus $1.00 for gratuity limits.</td>
<td>• The District recognizes that precision with respect to tips is not always practicable. Therefore, a reasonable threshold for calculation discrepancies is recommended.</td>
</tr>
<tr>
<td>4.2 Telephone Calls &amp; 4.3 Cellular Phones</td>
<td>• Updates these sections to reflect current practices. • Refers to Administrative Procedure for Mobile Device Use.</td>
<td>• Updates to current technology.</td>
</tr>
<tr>
<td>Appendix A Definition of Terms</td>
<td>• Defines terms used in the policy.</td>
<td>• Adheres to the 2010 San Diego County Taxpayers Association recommendation, “There should be clear definitions of various terms mentioned throughout the policy, e.g. out-of-town travel, reimbursable expenses, etc.”</td>
</tr>
<tr>
<td>Subject</td>
<td>San Diego Regional Airport Authority</td>
<td>Port of Long Beach</td>
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<tr>
<td>Airfares</td>
<td>Shall use government or group air travel rates when offered. When available, a coach rate for domestic and one class above coach class for non-domestic when flight time exceeds 6 hours.</td>
<td>Coach or tourist class accommodations when traveling within the continental United States by commercial airline. Business class travel is permitted for travel outside of the United States for flights in excess of five (5) hours in length. In addition to the business class option in the City Policy, employees may choose first class when business class is not available or when the physical or medical needs of an employee require this accommodation.</td>
</tr>
<tr>
<td>Subject</td>
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<td>Port of Long Beach</td>
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<tr>
<td><strong>Air Phone Charges</strong></td>
<td>Board members and employees only may request reimbursement when the call is (1) actual, (2) reasonable, and (3) directly related to the transaction of the Authority’s business.</td>
<td>Not addressed.</td>
</tr>
<tr>
<td><strong>Baggage Check Fees</strong></td>
<td>Not addressed.</td>
<td>Not addressed.</td>
</tr>
<tr>
<td><strong>Expenses Required to be Reported - Timeline</strong></td>
<td>30 days; advances must be cleared within 30 days of issuance for domestic and 45 days for International.</td>
<td>Expense reports must be submitted within a reasonable time; travel advances must be paid back within 10 days.</td>
</tr>
<tr>
<td>Granting Exception</td>
<td>Reimbursement of Board members, President/CEO, the General Counsel and/or Chief Auditor for any expense that does not fall within this policy shall require the approval of the Executive Committee at a regularly scheduled meeting. Reimbursement of employees for any expense that does not fall within this policy shall require the approval of the President/CEO</td>
<td>Exceptions must be pre-approved, but the Policy does not indicate who approves.</td>
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</tr>
<tr>
<td>Threshold for Itemized Receipts to be required</td>
<td>No threshold established. All expenses require original, itemized, detailed receipts unless Board member or employee submits a written statement of the circumstances why the receipt is not submitted.</td>
<td>$25</td>
</tr>
</tbody>
</table>
SUBJECT: TRAVEL AND BUSINESS REIMBURSEMENT-EXPENSE REIMBURSEMENT POLICY

1. Executive Summary

PURPOSE: This document provides policy guidance for the reimbursement of travel and subsistence and business expenses to the members of the Board of Port Commissioners (Board Commissioners), and employees and agents of the San Diego Unified Port District (District), as necessary, of the San Diego Unified Port District. The objectives of these guidelines are multifold:

- To ensure that the members of the Board of Port Commissioners, and employees and agents of the District, as necessary, are reimbursed on a timely basis for all appropriate business travel expenditures that they have incurred.
- To ensure that the District’s travel and subsistence, and business expenses are cost effective and necessary for the District’s business.
- To set guidelines as to what expenditures are considered appropriate and therefore reimbursable.

The District’s Travel and Business Expense Reimbursement Policy (Policy) reflects a commitment to developing a strong presence in a competitive global environment for the betterment of the San Diego region. This Policy includes a commitment to actively identifying and nurturing business opportunities, maintaining key stakeholder relationships, acting on training and best-practices needs in cooperation and collaboration with other ports, associations and industry groups for the District’s long-term success. The Policy seeks to achieve these goals in a responsible, transparent and accountable manner.

A list of definitions is included for reference as Appendix A to the Policy.

Commissioners, employees and agents of the District as necessary will comply with this Policy and the procedures detailed in Administrative Procedure 106-121, "Out-of-Town Travel on Authorized District Business," Administrative Procedure 128-213, "Business Mileage Reimbursement," and Administrative Procedure 124-106, "Mobile Device Use Procedure." These Administrative Procedures are established, approved and revised by the Executive Director or designee.

This Policy will be reviewed on an annual basis for compliance with Internal Revenue Service (IRS) regulations, California Government Code and District policies and procedures.
The Chairman of the Board of Port Commissioners (Chairman) may designate appropriate representatives of the Board to participate in Port-related travel requirements as early in the calendar year as possible. The maintenance of a quorum of Commissioners within the District for all scheduled meetings shall be a consideration in the Chairman's decision on assignments.

These guidelines are divided into seven sections:

* Executive Summary
* General Expense Reimbursement Guidelines
* Travel and Subsistence Expenses
* Business Expenses
* Out-of-Town Travel Procedures
* Expense Reimbursement Procedures
* Appendices
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1. Approvals

Commissioners, employees and agents of the District, as necessary, engaging in out-of-town travel (travel in excess of fifty (50) miles one way from the District’s Administration Building) for business or professional development purposes must fill out the Out-of-Town Travel Request. UPD Form 244 (Travel Request) obtain approval prior to the travel. It is expected, absent extenuating circumstances, that approval and travel arrangements be made. The Travel Request should be filled out and approved at least three (3) weeks prior to the trip taking place to avoid expensive airline tickets and hotel reservation costs. Obtain optimal airline and hotel reservations.

Where more than one employee participates in a business activity, the individual at the highest level of authority should report the expense or obtain a higher level approval (e.g., a Vice President’s approval for a Director’s expense paid by an employee). It is inappropriate to have an individual at a lower level of authority report the expense, and for an individual at a higher level of authority approve the expense when both participated in the activity. Expenses must be approved by an individual at a higher level of authority than the individual(s) on whose behalf the expense was incurred.

The Chairman of the Board of Port Commissioners (Chairman) will designate appropriate representatives of the Board to participate in Port-related travel requirements as early in the calendar year as possible. The maintenance of a quorum of Commissioners within the District for all scheduled meetings shall be a consideration in the Chairman’s decision on assignments. In-town and out-of-town seminar and conference attendance. Travel for employees is permitted at the discretion of each appointing authority. Department Head or designee. Approval and will be considered within the parameters of each department’s duly adopted budget, while maintaining focus on the benefits to the District in relation to the anticipated costs for the proposed travel. Any individual submitting a fraudulent expense report will be subject to disciplinary action that may include dismissal up to and including termination, as well as penalties under applicable IRS regulations.

2. General Expense Reimbursement Guidelines

2.1 Reimbursable and Nonreimbursable Expenses

The District has established the following guidelines for travel, subsistence and business expense reimbursement for all Commissioners and Port District employees. The Chairman and Executive Director or his/her designee may approve exceptions to these guidelines. If a Commissioner requests reimbursement for an expense that does not fall within the adopted policy, the expense shall be approved by the Board in a public meeting before the expense is incurred. Reimbursement to employees for any other

BPC Policy No. 641
expenses that have not been covered in this document, or are unusual in type or amount, must be explained in detail on the expense report and is subject to approval by the Executive Director or designee.

The District will reimburse for reasonable, properly approved and substantiated travel and subsistence, and other business expenses in accordance with the guidelines set forth in this Policy. Such expenses may result from attendance at District-related conferences, seminars or meetings; in-town transportation or out-of-town travel for business purposes; or other business-related expenses. Requests for travel in all cases shall be limited to District business, or conferences and training, from which the District will derive a direct benefit through the attendance.

In-town and out-of-town seminar and conference attendance for employees is permitted at the discretion of each appointing authority.

The District will not reimburse for any expense amounts not actually incurred. For example, the District will not reimburse an amount in lieu of hotel costs when an individual stays with friends or relatives, nor will the District reimburse meal costs if in fact the actual costs were paid by another party.

If travel outside of the United States is personal and part business, then the travel expenses should be allocated between the deductible reimbursable business portion and the nondeductible nonreimbursable personal portion. The District does not reimburse the nonbusiness portion of travel expenses.

Where more than one employee participates in a business activity, the individual at the highest level of authority should report the expense. It is inappropriate to have an individual at a lower level of authority report the expense, and an individual at a higher level of authority approve the expense when both participated in the activity. Expenses must be approved by an individual at a higher level of authority than the individual(s) on whose behalf the expense was incurred.

The following is a list of the reimbursable and non-reimbursable expenses are listed in Appendix B. Commissioners and employees should refer to the remaining detailed sections of this policy to understand the limitations in each area. See Appendix D for an Accountability Checklist for out-of-town travel and subsistence expenses.

2.1.1. Reimbursable Expenses

The following out-of-town travel and subsistence expenses, when reasonable and properly substantiated, are reimbursable through timely expense reporting:

- Air, ship, or train travel
- Transportation costs, including taxi fares, ferries, shuttles, etc., when necessary for business transfers
- Hotel or other lodging costs with itemized bill
- Gratuities
- Personal telephone calls home
- Laundry and dry-cleaning for travel requiring 3 or more consecutive nights away from home
- Rental car costs when necessary for out-of-town travel
- Mileage, parking charges, and tolls when using an automobile for District business while out of town
- Telephone and fax charges for business purposes while traveling (Commissioners and employees should consider using the least expensive services that meet the need, e.g., use of telephone calling card or a business center within the hotel for faxes, when available)
- Overnight shipment charges for business purposes while traveling
- Seminar and conference registration costs
- Meals and/or entertainment of business associates, in connection with a specific business purpose
- Meals and/or refreshments only for employees in connection with a specific approved group-related business activity (pre-approval of the Executive Director is necessary)
- Supplies, books, and equipment, if needed for seminars or conferences

2.1.2 Nonreimbursable Expenses

The following are examples of travel and subsistence and business expenses not reimbursed by the District:

- Alcohol and liquor served at meals, unless consumed by business associates
- In-room personal consumption of hotel mini-bar contents
- In-room movies or video games
- In-flight movies, airplane head-set rental
- Laundry and dry cleaning for travel requiring fewer than three (3) consecutive nights away from home
- Newspapers and magazines
- Toiletries
- Personal items and services (baby-sitting, haircuts, kennel fees)
- Apparel purchases (business or casual)
- Travel insurance (the District's insurance provides coverage)
- Alarm clocks
- Cost of charter or rental of aircraft
- Parking tickets and traffic fines
- Gasoline, car washes, oil changes, and other maintenance or repair services for personal automobiles used on business trips (the District pays based on rate per mileage driven)
- Car washes for rental cars
- Damage to a personal automobile while on District business (amounts not reimbursed by insurance may be considered for reimbursement)
- Theft of, or damage to, personal property from an automobile, hotel room, or office being used while on District business (same as above)
- Meals or entertainment with persons that have no direct business purpose
- Meals, refreshments, or entertainment among employees unless pre-approved by the Executive Director
- Dinner shows
- Unreasonably costly expenditures (e.g., meals at inappropriately expensive restaurants - see section 3.4.1 for guidelines with respect to meal expenses)
- Personal entertainment
- Gifts by employees to other employees, holiday greeting cards (use the District's greeting cards)
- Briefcases (unless approved and purchased by the District)
- Pen and pencil sets (same as above)
• Pocket calculators (same as above)  
• Electronic devices such as daily organizers and personal digital assistants (same as above) 
• Personal credit card fees  
• Political contributions  
• Membership dues in airline clubs for employees  
• Membership dues in frequent traveler award programs, e.g., American Express Membership Rewards Program  
• Expenses incurred for the purpose of supporting or opposing, or raising money to support or oppose any candidate, ballot measure, or political party  
• Expenses incurred with any club or organization that discriminates on the basis of race, gender, religion, sexual orientation, or other individuating criteria in its membership policy. 

2.2 Accountable and Nonaccountable Plans Time Frames 

The IRS distinguishes between two types of expense reimbursement plans—an "accountable" plan and a "nonaccountable" plan. An employer maintains an "accountable" plan if business expenses are reimbursed to the employee after timely expense reporting; such reimbursements are reported as compensation by the employee. The IRS has accepted that all 

The following are required time frames for receiving and returning travel advances and submitting travel expense reports. Failure to account for travel advances within the required thirty (30) day period following time frames may result in the suspension of privileges to obtain further advances and/or participation in future District-District-paid travel, and the amount will be treated per IRS regulations. 

• A travel advance must be accounted for within thirty (30) days of when an expense is paid or incurred. 
• Expenses to be reimbursed must be reported and prepaid expenses must be accounted for within sixty (60) days after expenses are paid or incurred. will be treated as reported on a timely basis. These reported beyond sixty (60) days of incurring the expense are treated under "nonaccountable" plan conditions and expense reimbursements are reportable as taxable earnings on employee paychecks. (See appendix A for more detail.) 

• Under the requirements of Reg. §1.62-2(f)(4), an A travel advance in excess of
substantiated and allowable expenses meets the requirements of an accountable plan if it requires the Commissioner or employee to must be returned to the District within a "reasonable" time period one hundred twenty (120) days after the expense was incurred any amount paid in excess of the expenses substantiated, the amount of money advanced is reasonably calculated not to exceed the amount of anticipated expenditures, and the money advanced is made on a day within a reasonable period of the day that the anticipated expenditures are paid or incurred.

Written reminders will be sent to Commissioners and employees who have received travel advances and/or incurred prepaid expenses and who fail to submit an expense report within thirty (30) days of completion of the trip.

Employees terminating employment should must file expense reports at least five (5) working days before the last date of employment. Failure to do so may result in the District denying the reimbursement request.

2.3 Substantiation of Expenses

Each traveler submitting a Travel Expense Report Statement must also submit a Seminar/Conference Summary/Travel Report explaining the trip. The Report should summarize the highlights of the seminar/conference. In the case of business meetings, the traveler must provide a written report summarizing and/or the key results of discussion the trip. Commissioners must provide a brief verbal report at the next regular meeting of the Board.

To comply with the rules for accountable plans as set forth in Reg. § 1.62-2(c) and §1.274-5T, substantiation of travel expenditures must include the following items:

- The amount of the travel expenditures.
- The dates that the employee left departure and returned, and the number of travel days spent on business while traveling away from home.
- The destination or locality of the travel, described by name of city or town or other similar designation.
- The business reason for the travel or the business benefit gained or expected to be gained.

Pursuant to California Government Code, Commissioners must provide itemized receipts for all expenses regardless of the amount. The Executive Director, Port Attorney, Port Auditor, Executive Vice Presidents and Vice Presidents must also provide receipts for all expenses regardless of the amount.
The District also requires that original, itemized, detailed receipts must be provided for all expenditures of $25 or more. It is strongly encouraged and preferred for all receipts to be included in the expense report, even for expenditures below $25.

For both Commissioners and employees, each receipt must be imprinted with the name of the business and date. In those instances where a receipt for an expenditure of $25 or more is lost or otherwise unavailable, a written statement of the circumstances must be attached and may, or may not, be accepted for reimbursement, depending upon the circumstances.

2.4 Cancellation and Penalties

If the conference or seminar registration fee, airline ticket, or hotel deposit was prepaid by the District, and the employee is unable to travel and the prepayments are not refundable, the employee shall reimburse the District for all prepaid costs, unless the inability to attend is for valid medical reasons, personal emergencies, or trip cancellation by the District or customers in the case of sales calls. In the case of trip cancellation, Commissioners and employees shall return any travel advance promptly to the District (no later than five (5) working days after cancellation). Employees shall also return any non-refundable prepayment promptly to the District.

2.5 Loss and Theft of Personal Effects

Commissioners and employees are encouraged to leave valuable items at home. If that is not possible, items should be placed in a hotel safe when available.

In the case of losses during foreign travel, the District may have some coverage under a foreign liability policy. In the event of loss or theft of personal effects where District insurance does not exist, the Commissioner or employee may choose to file a claim against their personal auto and/or homeowner's insurance policies for reimbursement if possible. Insurance deductibles for damaged, lost or stolen items may be reimbursed on a case-by-case basis.

3. Travel and Subsistence Expenses

3.1 Air Travel

3.1.1 Travel Services Coordinator/Travel Management Company

All airline tickets should be obtained through the Travel Services Coordinator/Travel Management Company to ensure the lowest possible cost to the District. Should the
District determine that it is more cost effective to use an in-house Travel Coordinator to manage all District travel; all airline tickets should be obtained through the in-house Travel Coordinator. Whenever possible, employees and Commissioners are expected to plan their trip well in advance to obtain the greatest benefit. All unused tickets, refundable or nonrefundable, should be returned to the Travel Services Coordinator/Travel Management Company for credit or reuse. All lost or misplaced tickets must be reported to the Travel Services Coordinator/Travel Management Company who will arrange replacement or refund. Commissioners and employees shall not exchange airline tickets purchased by the District. Any exchanges shall be administered by the Travel Services Coordinator/Travel Management Company.

See section entitled “Travel Request Procedures” for a further explanation of travel planning procedures.

3.1.2 Airfares

Whenever possible, it is the District’s intent to support businesses operating from Tidelands. Therefore, when making air travel arrangements, all District travelers will give preference to airlines with operations at SDIA over other competing airlines, as long as there is not a significant price differential.

Excepting only the above, air travel by Commissioners and employees ordinarily should be at the lowest fare available for the applicable class of service that permits travel at reasonable times and with reasonable itineraries taking into consideration business needs, total travel time, the nature of the trip and the participants. This is inclusive of the District’s intent to support San Diego region businesses, which includes direct international flights to and from the San Diego International Airport. The cost of upgrading an air ticket from a reimbursable class of service to a higher class of service (e.g., the charge to upgrade plus the differential between the lowest applicable fare available and any higher fare that is required to upgrade), is considered a personal expense. This applies should to Commissioners or employees who opt to upgrade his/her their air tickets outside of at a cost that exceeds the following reimbursable guidelines:

- For air travel within the United States (including Hawaii and Alaska), Mexico and Canada, of less than two (2) hours flight time; Coach fare basis.

- For travel within the United States of more than two (2) hours flight time; Business Class basis for Commissioners and Senior Directors, and Coach Class for all others. Commissioners and Senior Directors may elect the next higher class if Business Class is not available.

- For international air travel outside the United States, Mexico and Canada, Business Class fare (or First Class if Business Class is not available.) For flights under this rule, the domestic leg/connecting flight may be booked as Business Class fare as well, may be reimbursed on the basis of Business Class airfare for
Commissioners and Senior Directors and Coach Class for all others. Commissioners and Senior Directors may elect the next higher class if Business Class is not available. If the travel is twelve (12) hours or longer one-way, and business negotiations will be conducted on the day of arrival, the Chairman may grant Commissioners, and the Executive Director may grant staff, the exception for First-Class air travel.

Exceptions may be allowed for free upgrades, upgrades paid by the traveler, or upgrades necessitated by documented medical or physical condition under the Americans with Disabilities Act.

3.1.3 Discounted Fares

Commissioners and employees are encouraged to take advantage of the minimum fourteen (14) and twenty-one (21) day advance ticket pricing. However, where discounted fares are available only with penalties for cancellation or change, the probability of cancellation or change should be weighed against the amount of the discount, the size of the penalty, and the likelihood of future use.

To obtain the most economical fare when booking air travel, Commissioners and employees should provide general departure and arrival times, rather than specific carriers and flights. The ideal reservation is one with the least cost but is not unduly inconvenient.

Ordinarily, there is no objection if individuals may choose to depart one or two days early (e.g., on a Saturday for a meeting beginning on Monday morning) or to stay one or two extra days (e.g., until Sunday after a meeting ending on Friday or Saturday) if by doing so they are able to obtain a discounted airfare for which they would not otherwise be eligible, and as long as the combined cost of the discounted airfare and additional allowable expenses are less than the cost of the lowest airfare otherwise available. If the additional travel does not meet these guidelines, it will be treated as a personal expense. This option would normally apply to weekend travel, where airlines offer a discounted airfare in connection with a Saturday night stay. (This policy does not imply that individuals may leave one business day early or return one business day late.) The District will reimburse the cost of allowable expenses relating to arrivals in advance or departures subsequent to a business meeting or function only for the minimum number of days required to obtain the discounted fare. The cost of hotel, meal and other expenses relating to arrivals prior to the latest arrival date or subsequent to the earliest departure date should be considered personal expenses. If the employee elects to travel extra days, the Appointing Authority must pre-approve such extra travel day(s) on Out-of-Town Travel Request, UPD Form 244 (Travel Request). The advance departure or extended stay, and the estimated savings should be well documented (e.g., by obtaining a copy of quotes from the Travel Coordinator/Travel Management Company indicating the higher fare without advance departure or extended stay) and also submitted with the receipts for such travel.
when Out-of-Town Travel Expense Report, UPD Form 120 (Travel Expense Report) is filed.

3.1.4 Transfers: Public Transportation

Out-of-town travel may entail the use of taxis, shuttles, livery service, ferries, buses or other public transportation to go to and from the airport or for movement around a metropolitan area. Cities differ in the types of cost-effective transportation that they offer for transfers to and from airports or around the city. Individuals should choose the least expensive, safe, and effective direct type of transportation, where practical. In general, transportation to and from the airport should be by airport shuttle unless unavailable. Other reasonable transfer costs will be reimbursed.

When a personal automobile is used for transfer to an air, rail, or ship terminal, the following reimbursement guidelines apply:

- On a non-work day, actual mileage incurred in transport will be reimbursed at the District established mileage rate.
- On a workday, mileage incurred during transport from the workplace or home, whichever is less, will be reimbursed.

Day parking at terminals will be reimbursed; however, automobiles should not be parked for extended periods at terminals unless the combined cost of mileage reimbursement and parking is less than other available transfer costs. See section entitled “Parking” for a further explanation of reimbursable parking expenses.

3.1.5 Travel of a Spouse, Significant Other, Family Member or Friend

The cost of travel and any related cancellation fees for a spouse, significant other, family member, or friend is considered a personal expense and is not reimbursable by the District. When an individual is out of town on District business and the individual elects to have a spouse or friend join him/her, it is considered a personal expense.

Commissioners and employees must not exchange refundable airline tickets purchased by the District for lower-priced, non-refundable tickets, even when additional benefits to the Commissioner or employee, family member, or friend may be incurred. Further, under no circumstances will the District reimburse any additional amounts expended for airline tickets, lodging, rental cars, meals, entertainment, mileage, transfers, parking, or related expenses for the family member or friend. See Appendix A for further explanation of treatment for travel of a spouse.

3.1.6 Airline Air Phone Usage

BPC Policy No. 641
With the exception of exceptions in emergencies, usage of air phone service is reimbursable only for District business purposes by Commissioners and Senior Directors.

3.1.7 Frequent Flyer Award Programs

The District does not reimburse individuals for the value of frequent flyer miles or points redeemed to acquire airline tickets or hotel rooms for out-of-town travel on District business.

Individuals may use frequent flyer miles or points earned through business travel for personal purposes (e.g., personal or family travel). There is no objection to Commissioners and employees using frequent flyer miles or points to upgrade from a reimbursable class of service to a higher class of service. However, where there is a monetary cost in upgrading, e.g., a charge to upgrade or a higher fare is required, such costs are a personal expense.

Membership dues in frequent flyer and similar award programs (e.g., American Express Membership Rewards Program or Diners Club Rewards) are a personal expense.

3.2 Automobile Travel and Rental Cars

3.2.1 Mileage Allowance and Tolls

Individuals may opt to drive to an out-of-town location instead of fly, if economically feasible. When it is necessary for individuals to travel by personal automobile to out-of-town locations, two or more persons should travel in the same automobile whenever practical to reduce expenses. When a personal automobile is used to travel to an out-of-town location on District business, the District will reimburse tolls paid and actual mileage driven at the District established mileage rate. In these cases, the District will reimburse the lower of either the lowest authorized class of fare available and transfers at that time, or the cost of mileage and tolls paid. The maximum reimbursement shall not exceed the cost of the least expensive authorized class of airfare to the same location.

3.2.2 Parking

The District will reimburse reasonable parking costs incurred while using an automobile on out-of-town District business. The District will reimburse the lesser of the parking cost for a personal vehicle left at the long term parking facility, the cost of a shuttle service, or the cost of a taxi to and from the airport. See section entitled “Transfers Public Transportation” for a further explanation of reimbursable transfer expenses.
3.2.3 Rental Cars

Use of automobile rentals while on out-of-town business travel should be limited to those circumstances where the need for an automobile for business purposes is expected to be extensive, where safety of the traveler is a concern, or the use of taxi services or public transportation would not be economical or practicable.

Where possible, reservations should for a rental car must be made through the Travel Services Coordinator/Travel Management Company so that the optimal reservation can be so that the company offering the lowest rate can be determined. Use of a rental car must be pre-approved on the Travel Request. In the event obtained. When use of a car rental is required, the District will only reimburse for the expense up to the mid-size vehicle, unless the number of persons traveling requires a larger car. If the conference or seminar District’s business is located in the same hotel in which the individual is staying, the cost of the rental car will not be reimbursed unless a vehicle is needed to make a significant amount of business related travel at the travel destination. If using a rental car or personal vehicle, use of a taxi or shuttle is not reimbursable unless it is more economical (e.g., where the hotel’s parking fee is $20 per day, with no in/out privileges).

Detailed and itemized car rental receipts are required for reimbursement of the cost by the District to the Commissioner or employee. The example of detailed receipt shall include: make of the car, price per day or week, taxes, and other charges as assigned. A copy of the car rental contract must accompany the reimbursement request. Copies of credit card billing receipts not listing itemized details are insufficient for reimbursement.

3.2.4 Insurance Coverage for Rental Cars

The District’s Business Auto Policy (BAP) provides liability, collision, and comprehensive coverage for vehicles rented in the United States, territories and possessions of the U.S., Puerto Rico and Canada by Commissioners and employees while on District business. Additionally, the District has a Travel Accident Policy that provides benefits in the event of accidental death or dismemberment while Commissioners and employees are traveling worldwide on District business. Therefore, while traveling in the U.S., Commissioners and employees should decline all optional liability, property damage and other coverage and waivers offered by the various car rental companies. Commissioners and employees who purchase such coverage and waivers do so at their own expense.

The District’s BAP does not provide liability or property damage coverage for vehicles rented in foreign countries other than Canada. Therefore, if and when District Commissioners and employees rent vehicles in foreign countries other than Canada, they should accept all liability insurance coverage and physical damage waivers offered by the rental companies.
Detailed car rental receipts are required for reimbursement of the cost by the District to the Commissioner or employee. The example of detailed receipts shall include: make of the car, price per day or week, taxes, and other charges as assigned. A copy of the car rental contract must accompany the reimbursement request. Copies of credit card billing receipts not listing itemized details are insufficient for reimbursement.

3.2.5 Refueling Charges on Rental Cars

Rental car company charges for refueling the car upon return are very expensive. Individuals should make every effort to refuel the car before returning it. If it is offered and a gas station is not reasonably close to the rental car facility, the traveler should consider pre-paying gasoline. If it is offered and the individual objects to use a full tank of gasoline, he or she should elect the option of purchasing the initial tank of gasoline.

3.2.6 Personal Use of Rental Cars

Should individuals elect to rent a car even though it is not necessary for use in traveling to and from seminar/conference sites and local restaurants (within a reasonable distance), the car rental is considered a personal expense. All costs of cars rented for personal use (entertainment, shopping, visitation of a friend, etc.) are a personal expense. If a car is rented for combined business and personal use, the total cost of the rental should be allocated between reimbursable business and nonreimbursable personal expense.

3.3 Lodging and Associated Expenses

3.3.1 Lodging

The hotel and type of room selected will be managed by the Travel Services Coordinator. Travel Management Company to obtain appropriate accommodations at the best available rates. Whenever possible, the Traveler should stay at the seminar/conference or business meeting sites to take advantage of group rates and avoid incurring unnecessary transportation costs for taxis or rental cars.

If a hotel reservation must be cancelled, it is the responsibility of the traveler to advise the hotel prior to the arranged date of arrival to avoid “no show” charges.

3.3.2 Laundry and Dry Cleaning

On out-of-town assignments, business travel consisting of three (3) or more consecutive nights, the District will reimburse reasonable laundry and dry cleaning costs. The District does not reimburse for laundry and dry cleaning costs on out-of-town assignments.
business travel of fewer than three (3) consecutive nights.

3.3.3 Additional Hotel Charges

Lodging includes only the cost of a single occupancy room and related costs such as room taxes. Meal costs included on the hotel bill should be classified as "Meals." Other business expenses, e.g., business faxes, included on the hotel bill should be accurately classified on the out-of-town expense report Travel Expense Report. Personal expenses included on the hotel bill, e.g., in-room movies, should be identified as personal expenses and should not be submitted for reimbursement. Refer to section 2.3, Substantiation of Expenses for further detail.

3.4 Meals and Associated Expenses

3.4.1 Meals

Commissioners and employees are reimbursed for reasonable, actual meal costs that are appropriate for the different circumstances.

3.4.2 Meals and Entertainment with Business Associates

The District encourages activities with business associates who may assist in business development for the District. The business associates entertained and the form of entertainment should be directly related to District business.

To comply with the IRS rules for accountable plans, documentation for business entertainment should include the following items, as set forth in Reg. §62.1.274-5T:

- The amount of each separate entertainment expense. Incidental items such as taxi fares and telephone calls may be totaled on a daily basis.
- The date the entertainment took place.
- The name, address, or location and the type of entertainment (e.g., dinner, theater, etc.), if the information is not apparent from the designation of the location.
- The reason for the entertainment, or the business benefit gained or expected to be gained, and the nature of any business discussion or activity that took place.

The following examples describe situations, which may warrant reimbursement, where applicable. Senior Director's prior approval is required:
• Meals with appropriate business associates that have a direct business purpose, when accompanied by an itemized list of business associate’s name, affiliation, and explanation of business purpose.

• Entertainment of appropriate business associates, when accompanied by an itemized list of business associate’s name, affiliation, and explanation of business purpose.

The following are examples of meal and entertainment-related expenses not reimbursed by the District:

• The cost of nonbusiness-related meals during the normal workday (except during local seminars).

• Meals or entertainment with persons that have no direct business purpose.

• Recurring entertainment of persons that has become reciprocal.

• Meals, refreshments, or entertainment among District staff only, unless pre-approved by the Executive Director.

• Entertainment that is primarily social or relationship building, e.g., drinks after work.

Commissioners and employees must submit adequate substantiation for the expenses claimed or they will not be reimbursed. See Appendix A for details of adequate substantiation for business-related meal and entertainment expenses, and Appendix D for an Accountability Checklist for meal and entertainment expenses.

3.5 Foreign Country Travel/Currency Conversion

3.5.1 Foreign Currency Conversion

Reimbursement for travel to a foreign country shall be calculated at the average posted exchange rate during the trip, unless the currency exchange receipt or printout from a currency exchange rate site (such as www.oanda.com) showing the date of travel and the conversion rate is attached. When such conversion is necessary, it is the responsibility of the Commissioner and employee to convert the foreign currency units into U.S. dollars. The District will not accept out-of-town expense reports, or the return of travel advances, calculated in foreign currency. Refunds to the District on travel advances paid to Commissioners and employees will be made in U.S. currency only.

3.5.2 Value-Added Tax

All reimbursement for any Value-Added Tax (VAT) charged for the hotel accommodations
must be returned to the District.

3.6 Third-Party Payments

Travel and subsistence expenses received from third parties shall be disclosed in compliance with California Code of Regulations as promulgated by the California Fair Political Practices Commission.

4. Other Business Expenses

4.1 Gratuities

Gratuities paid while out on District business are reimbursed based on actual amounts expended up to maximums identified below plus or minus $1.00. Gratuities are normally identified separately when paid to bellmen or airport porters. Gratuities for meals and transportation are normally included in the expenses for these categories. Receipts are not required for gratuity reimbursement.

Reasonable gratuities by category are:

- Meals Not greater than 18%
- Other travel services 15%

Gratuities greater than the amounts identified above are considered personal expenses and are not reimbursable.

4.2 Telephone Calls

4.2.1 Business Telephone Calls

The District will reimburse any business-related calls made charged to a telephone calling card while out of town on District business. A telephone calling card should be used in lieu of. Commissioners and employees are encouraged to use the lowest cost option for these calls; for instance, dialing directly from a hotel room should be the last resort as it is the typically the highest cost alternative, room whenever possible.

4.2.2 Personal Telephone Calls

The District will reimburse the reasonable cost of one telephone call per day made by an individual to his or her family or significant other during an out-of-town assignment. Use the lowest cost option for this call, dialing directly from your hotel room should be the last resort as it is typically the highest cost alternative.
4.3 Cellular Phones

The District will provide, or reimburse the cost of, cellular phones and car phones for Commissioners and employees having pre-approved Port District business needs of such equipment.

Within the United States, those with a District issued cellular phone should use it as usual for business calls and the allowable personal call per day. Outside the United States, refer to Administrative Procedure No. 124-105, Mobile Device Use Procedure.

4.4 Business Fax and Overnight Shipping Charges

Business fax charges and overnight shipment charges while traveling are reimbursable expenses. Generally, fax charges, if available through the hotel's business center, are the least expensive.

4.5 Office Supplies

The District maintains an inventory of standard office supplies used routinely in its work. Supplies that are not standard and are a personal preference are considered a personal expense. In most cases, individuals should not purchase supplies directly. In rare cases, e.g., on an out-of-town engagement, travel, where it is impractical to obtain supplies from the office, individuals may purchase supplies directly, subject to approval on the Travel Expense Report by the department head.

4.6 Promotional Expenses – Local

When authorized and required to make expenditures within fifty (50) miles of the District Administration Building locally on District business, the members of the Board of Commissioners and employees are entitled to receive reimbursement for necessary expenses incurred.

5. Out-Of-Town Travel Procedures

5.1 Travel Request Procedures

Commissioners and employees engaging in out-of-town travel (travel in excess of fifty (50) miles one way from the District Administration Building) for business or professional development purposes must fill out the Out of Town Travel Request, UPD Form 244 (Travel Request). The Travel Request should be filled out and approved at least three (3) weeks prior to the trip taking place to avoid expensive airline ticket and hotel reservation costs.
5.1.1 Approval Process

Approval will be considered within the parameters of each department’s duly-adopted budget, while maintaining focus on the benefits to the District in relation to the anticipated costs for the proposed travel.

Commissioners and employees should seek the appropriate approval for their travel requests as described below:

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<tr>
<th>Position</th>
<th>Approved by</th>
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<tbody>
<tr>
<td>Employees</td>
<td>Department Head</td>
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<td>Department Head</td>
<td>Division Head</td>
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<tr>
<td>Deputy-Executive Director/Division Head</td>
<td>Executive Director or designee</td>
</tr>
<tr>
<td>Commissioners/Executive Director/Port Attorney</td>
<td>Chairman of the Board</td>
</tr>
</tbody>
</table>

Copies of the Travel Request should be distributed as follows:
- The original copy is forwarded to the Financial Services Department.
- A duplicate copy is forwarded to the Travel Coordinator/Travel Management Company and/or Corporate Services Department.
- A duplicate copy is maintained in the requester’s own department.
- A duplicate copy is kept by the employee.

5.1.2 Travel Reservations and Arrangements

All travel arrangements should be made as far in advance as possible, and obtained through the Travel Coordinator/Travel Management Company of the District to take full advantage of special fares and discounts negotiated with various vendors.

5.1.3 Travel Advances and District Prepaid Expenses

The Travel Request form serves as the basis for travel advances, prepayments for out-of-town travel costs and seminar/conference registration, airline tickets, or hotel room deposits. If an advance or prepayment is required, attach a photocopy of the properly approved Travel Request to the Request for Direct Payment (UPD Form 112). Travel advances (in the form of District checks or traveler’s checks) will not be disbursed prior to thirty (30) days before the commencement of travel. See Appendix A for a detailed explanation of tax treatment for travel requests and advances.
6. Expense Reimbursement Procedures

6.1 Substantiation of Expenditures

For the expenses to be reimbursed, Commissioners and employees must substantiate the following (IRS requirement):

- amount of the expense
- date and place incurred
- names and titles of others attending
- business purpose of the expense

The Appointing Authority is responsible for reviewing and approving travel and business expense reports to assure expenses are justified and in accordance with this policy. Whenever the Chairman's approval is required, the travel and expense reports will be reviewed by the Treasurer prior to approval by the Chairman.

Commissioners and employees should clearly document and explain the business purpose of expenditures in the fields provided on the expense report. General descriptions such as “Business Lunch” or “Business Expense” are not acceptable expense descriptions in and of themselves. If space on the expense report is insufficient, full documentation should be attached on additional sheets.

The District also requires that original, itemized, detailed receipts must be provided for all expenditures of $25 or more. It is strongly encouraged and preferred for all receipts to be included in the expense report, even for expenditures below $25. Each receipt must be imprinted with the name of the business and date. In those instances where a receipt for an expenditure of $25 or more is lost or otherwise unavailable, a written statement of the circumstances must be attached and may, or may not, be accepted for reimbursement, depending upon the circumstances.

Below are examples of substantiation that is insufficient. Because the substantiation is insufficient, such expenses will not be reimbursed until adequate substantiation is provided:

- A copy of a calling card statement showing telephone charges for calls made during a trip but with no indication of the persons called. - The names of the
individuals and business purpose for the call must be recorded in the expense report.

- A copy of a credit card statement showing a hotel charge but with no indication of the type of the room, the daily/weekly room rate, the applicable room tax, details of any additional charges, or the purpose of the trip. This information must be documented on the hotel bill.

- A charge slip for a rental car, but with no indication of the size of car rented, daily/weekly rental rate, the applicable tax, details of any additional charges (such as gasoline-refueling charges), or the purpose of the rental. Any charges not clearly explained in detail will be assumed unreasonable in nature and may not be reimbursed.

- An original credit card receipt indicating a restaurant charge, but no indication on the expense report or on the receipt of the business purpose of the expenditure. Persons entertained, affiliation, and the business reason for the entertainment must also be included.

- The top sheet of a telephone bill showing total monthly charges, but no detail of the costs of calls made and to whom made.

Please see Appendices A and D for further explanation of adequate substantiation for expense reimbursement.

6.2 Expense Report Submitting and Review

The Travel Expense Report is used to record actual trip expenses. Individuals should submit expense reports reporting only actual allowable business expenses that they have incurred. All expenses must be itemized (e.g., a detailed list of individual expenses, no groupings of expenses), including expenses paid in advance by the District. If meals provided for the business associate or customer are paid by the Commissioner or employee, the name and business affiliation of the business associate, as well as the purpose for the meeting, must be listed on the reverse side of the expense report.

Expense reports should be submitted promptly, and no later than thirty (30) working days after the completion of the trip. All travel advances must be cleared within thirty (30) working days after the completion of the trip. Should the Commissioner or employee owe the District for a portion of the unused travel advance, the Commissioner or employee must return the unused portion via personal check. Failure to account for travel advances within the required thirty (30)-day period may result in the suspension of privileges to obtain further advances and/or participation in future District-paid travel. Extension for filing deadlines may be granted for international travel; however, expense reports and clearing of advances should be filed within sixty (60) days after completion of the travel to
meet the IRS guidelines for an "accountable" plan (see Appendix A). In special circumstances, ninety (90) days may be granted for filing an expense report and clearing advances.

Expense reports should be submitted to the appropriate Appointing Authority for approval. Upon review for reasonableness, consideration will be given to the trip destination and nature of the expense.

At all times, the individual reporting the expenses should review the report for accuracy and is responsible for the data submitted. Any individual submitting a fraudulent expense report will be subject to disciplinary action that may include dismissal.

The Financial Services Department (Financial Services) will review the report for mathematical accuracy, foreign currency conversion accuracy, and compliance with this travel policy. Financial Services will also verify that all required original receipts are attached. Written reminders will be sent to Commissioners and employees who have received travel advances and/or incurred prepaid expenses and who fail to submit an expense report within thirty (30) days of completion of the trip.

In accordance with IRS rules (see Appendix A), if the expense report is received after sixty (60) days of completion of the trip, the travel expenses incurred will be taxable to the Commissioner and employee. Excess travel advances not paid back to the District before one hundred twenty (120) days after return from the trip will also be taxable to the Commissioner and employee. Employees are required to make arrangements with Financial Services to return excess travel advances due the District via paycheck deduction if not returned after sixty (60) days of completion of the trip. Failure to make such arrangements is cause for disciplinary action that may include dismissal from employment.

Reimbursements will only be made when all documentary requirements have been met.

The IRS requires an employer to maintain an "accountable" expense reimbursement plan if it is to deduct reimbursed business expenses. Under "nonaccountable" plans, expense reimbursements must be reported by the employee as income. One requirement for maintaining an "accountable" plan is that expenses be reported on a timely basis. The IRS has accepted that all expenses reported within sixty (60) days after expenses are paid or incurred will be treated as being reported on a timely basis.

Employees terminating employment should file expense reports at least five (5) working days before the last date of employment. Failure to do so may result in the District denying the reimbursement request. The District requires terminating employees to make arrangements to deduct any "nonaccountable" amount of the travel advance through deduction from the last paycheck. See Appendix A for further explanation of timeliness of

BPC Policy No. 641
Each traveler submitting a Travel Expense Report must also submit a Seminar/Conference Summary Report. The report should summarize the highlights of the seminar/conference. In the case of business meetings, the traveler must provide a written report summarizing the key results of discussions.

6.3 Promotional Expense Report Submittal and Request for Reimbursement

Expense Reimbursement Request (UPD form 121) is used to record actual promotional expenses incurred locally. The Expense Reimbursement Request form should be submitted once a month, or more frequently if a large amount of reimbursement is involved, to the appropriate Appointing Authority for approval. The properly approved and fully substantiated Expense Reimbursement Request must be attached to the Request for Direct Payment and should be forwarded to Financial Services no later than ten (10) working days of the succeeding month.

The IRS requirement for an “accountable” expense reimbursement plan described under section 6.2 of this policy applies to all business expenditures.

Although these guidelines cover most expenses which are incurred as a result of the District’s activities, Commissioners and employees may incur expenses for which an explicit policy does not exist. Reimbursement for any other expenses that have not been covered in this document, or are unusual in type or amount, must be explained in detail on the expense report. The corresponding receipt must be attached to the expense report. In these cases, evidence of approval by the Appointing Authority should be attached to the expense report and supporting receipt.

Appendix A

Definition of Terms

Agent of the District: An agent of the public, State or government; a person authorized to act for the public in some manner pertaining to the administration of government or to aid District officials in the performance of the public interest.

Coach Fare: Any fare available in the Coach cabin. Economy plus/coach elite seating service may vary from airline to airline and use various names, but it is in the economy/coach cabin and is considered Coach Fare.

In-town Transportation: Travel that does not fall under the category of out-of-town travel defined below.
Livery Service: A business that keeps vehicles that people can hire (usually alternate transportation such as boats).

Out-of-town Travel: Per the IRS, when a traveler is required to be away from the general area of their home substantially longer than an ordinary day's work and the traveler needs to sleep or rest to meet the demands of work while away from home. Generally that would mean a location outside of San Diego County.

Reasonable Calculation for a Travel Advance: The amount of money advanced does not exceed the amount of anticipated expenditures.

Reasonable Time for Issuance of a Travel Advance: Within thirty (30) days of when an expense is paid or incurred.

Reasonable Time for Substantiation of Expenses to the District: Within sixty (60) days after it is paid or incurred.

Reasonable Time for Return of Travel Advance Amount Not used: Within one hundred twenty (120) days.

Appendix B

Reimbursable Expenses

The following out-of-town travel business and subsistence expenses, when reasonable and properly substantiated, are reimbursable through timely expense reporting:

- Air, ship, or train travel
- Airline baggage check fees
- Foreign transaction fees when on international travel
- Insurance deductible and amounts not reimbursed by insurance for damage to a personal automobile while on District business may be reimbursed on a case-by-case basis
- Insurance deductible and amounts not reimbursed by insurance for theft of, or damage to, personal property from an automobile, hotel room, or office being used while on District business may be reimbursed on a case-by-case basis
- Transportation costs, including taxi fares, ferries, shuttles, etc., when necessary for business transfers
- Hotel or other lodging costs with itemized bill
- Hotel gym usage (excluding spa services, if any)
- Gratuities (up to a maximum of 18% for meals and 15% for other travel services, plus or minus $1.00)
- One personal telephone call per day
- Laundry and dry cleaning for travel requiring 3 or more consecutive nights away from home
- Rental car costs when necessary for out-of-town travel
- Mileage, parking charges, and tolls when using an automobile for District business while out of town
- Telephone and fax charges for business purposes while traveling (Commissioners and employees should consider using the least expensive services that meet the need, e.g., use of telephone calling card or a business center within the hotel for faxes, when available)
- Internet access fees
- Overnight shipment charges for business purposes while traveling
- Seminar and conference registration costs
- Meals and/or entertainment of business associates, in connection with a specific business purpose
- Meals and/or refreshments only for employees in connection with a specific approved group-related business activity (pre-approval of the Executive Director or Executive Vice President is necessary)
- Supplies, books, and equipment, if needed for seminars or conferences

Nonreimbursable Expenses

The following are examples of travel and subsistence and business expenses which are not reimbursed by the District:

- Alcohol and liquor served at meals, unless consumed by business associates
- In-room personal consumption of hotel mini-bar contents (except non-alcoholic contents, e.g., bottled water, soda or snacks)
• In-room movies or video games
• In-flight movies, airplane head set rental
• Laundry and dry cleaning for travel requiring fewer than three (3) consecutive
  nights away from home
• Newspapers and magazines
  
  Toiletries (Reasonable exception may be made in extraordinary circumstances
  where baggage is lost for an extended period of time and business is to be
  conducted upon arrival. Proof of lost luggage required.)
• Personal items and services (e.g., baby-sitting, haircuts, kennel fees, etc.)
• Apparel purchases (business or casual) (Reasonable exception may be made in
  extraordinary circumstances where baggage is lost for an extended period of
  time and business is to be conducted upon arrival. Proof of lost luggage
  required.)
• Travel insurance (the District's insurance provides coverage)
• Alarm clocks
• Cost of charter or rental of aircraft
• Parking tickets and traffic fines
• Gasoline, car washes, oil changes, and other maintenance or repair services for
  personal automobiles used on business trips (the District reimburses automobile
  expenses pays based on rate per mileage driven which includes auto-related
  expenses)
• Car washes for rental cars
• Damage to a personal automobile while on District business (amounts not
  reimbursed by insurance may be considered for reimbursement)
• Theft of, or damage to, personal property from an automobile, hotel room, or
  office being used while on District business (same as above)
• Meals or entertainment with persons that have no direct business purpose
• Meals, refreshments, or entertainment among employees unless pre-approved
  by the Executive Director or Executive Vice President
• Dinner shows
• Unreasonably costly expenditures (e.g., meals at inappropriately expensive restaurants—see section 3.4.1 for guidelines with respect to meal expenses)

• Personal entertainment

  — Gifts by employees to other employees, holiday greeting cards, etc. (use the District's greeting cards)

• Briefcases (unless approved and purchased by the District)

  — Office supplies such as pens and pencil sets, pocket calculators, or electronic devices such as daily organizers and personal digital assistants (unless approved and purchased by the District)

  — Pen and pencil sets (same as above)

  — Pocket calculators (same as above)

  — Electronic devices such as daily organizers and personal digital assistants (same as above)

• Personal credit or debit card fees (e.g., transaction, membership or annual fees) except foreign transaction fees while on international travel

• Political contributions

• Membership dues in airline clubs for employees

• Membership dues in frequent traveler award programs, e.g., American Express Membership Rewards Program, etc.

• Expenses incurred for the purpose of supporting or opposing, or raising money to support or oppose any candidate, ballot measure, or political party

• Expenses incurred with any club or organization that discriminates on the basis of race, gender, religion, sexual orientation, or other individuating criteria in its membership policy

APPENDIX A

General Tax Requirements for an Accountable Plan

Reimbursements paid under an accountable plan are not reported as compensation to the Commissioner or employee, whereas reimbursements paid under nonaccountable plans are reported as compensation. Under a nonaccountable plan, the Commissioner or employee must then itemize these expenses on their personal tax returns to deduct them.

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from income; however, they will not be able to benefit fully from these deductions. Miscellaneous itemized deductions are deductible only to the extent they exceed 2% of AGI, and are not deductible at all if the Commissioner or employee does not itemize. In addition, these amounts are not deductible for the alternative minimum tax (AMT). Therefore, the Commissioner or employee will generally pay more tax if the reimbursement is not structured as an accountable plan.

Under Reg. §1.274-5T(h), reimbursements to non-employees, such as independent contractors, also are not reportable as compensation if properly substantiated under the accountable plan rules. To the extent that the reimbursements are not substantiated, they are reportable as income.

To qualify as an accountable plan, the reimbursement arrangement to both employees and non-employees must meet all three of the following rules:

1. The expenses must have a business connection. To meet these requirements, the expenses must be incurred while performing services.

2. The expenses must be adequately accounted for to the employer within a reasonable time period.

3. The employee must return any excess reimbursement or allowance within a reasonable period of time.

Adequate accounting includes documentary evidence of the expenses, such as receipts, canceled checks and bills. However, for IRS purposes, receipts or other documentary evidence are not required for expenses for which the employer utilizes a per diem allowance method that includes meals and/or lodging, or the expense is less than $75 for expenses incurred after October 1, 1995. (Notice 95-50, 1995-2 CB 333).

Although in 1995 the IRS raised the threshold for receipts from $25 to $75, most businesses still require receipts and other documentary evidence for all expenses over $25 for internal control purposes. Therefore, the District's $25 limit is an optimal threshold for monitoring expenses internally.

The following expense categories must also include the additional documentation discussed below:

**In-Town and Out-of-Town Travel and Subsistence Expenses**

To comply with the rules for accountable plans as set forth in Reg. §1.62-2(e) and §1.274-5T, substantiation for travel expenditures must include the following items:

1. The amount of the travel expenditures.
2. The dates that the employee left and returned, and the number of days spent on business while traveling away from home.

3. The destination or locality of the travel, described by name of city or town or other similar designation.

4. The business reason for the travel or the business benefit gained or expected to be gained.

If the trip is part personal and part business, then domestic travel expenses to arrive at the destination are deductible under §274. If the trip is primarily personal, then the cost of the trip is a nondeductible personal expense; however, expenses at the destination that are directly related to business are deductible.

In order to meet the accountable plan rules under §62, the Regulations under §1.62-2(e)(2) require that an arrangement that reimburses travel, entertainment, listed property, or other business expenses governed by §274 must meet the substantiation requirements of §274. Therefore, throughout this document where we refer to whether an expense is "deductible" under §274, we also mean "reimbursable" under §62.

**Foreign Country Travel**

Under Reg. §1.274-4, the rules for travel outside the United States are more stringent than for domestic travel. For this purpose, the United States includes only the States and the District of Columbia. Therefore, travel to all other countries including Canada and Mexico is considered foreign travel. As is true for all travel expenses, if the trip is primarily personal, then the cost of the trip is a nondeductible personal expense.

If travel outside the United States is entirely for business, all travel expenses are deductible as a business expense. Therefore the entire reimbursement would have a business connection and would not be taxable compensation. If travel outside the United States is part personal and part business, then the travel expenses should be allocated between the deductible business portion and the nondeductible personal portion. Reimbursement for the nonbusiness portion would not meet the requirements for an accountable plan, and therefore would be reportable as compensation income (the District does not reimburse the nonbusiness portion of travel expenses). If the nonbusiness activity constitutes 25 percent or more of the total time on the trip, and the time away from the United States exceeds one week, then the travel expenses must be allocated on a day-to-day basis between days that the employee conducted business, and the days that the employee did not conduct business.

With respect to weekends, a day spent outside the United States away from home shall be deemed entirely a business day, if the Commissioner or employee establishes that such day was a Saturday, Sunday, legal holiday, or other reasonably necessary standby day
which intervened during that course of the Commissioner's or employee's trade or business while outside of the United States. For example, if a Commissioner or employee travels from New York to London to take part in business beginning on a Wednesday and concluding on the following Tuesday, the intervening Saturday and Sunday shall be considered business days whether or not business is conducted on either of such days. Similarly, if in the above case, the meetings which concluded on Tuesday evening were followed by business meetings with another business group in London on the immediately succeeding Thursday and Friday, the intervening Wednesday will be deemed a business day. However, if at the conclusion of the business activities on Friday, the Commissioner or employee stays in London for an additional week for personal purposes, the Saturday and Sunday following the conclusion of the business meeting will not be considered business days.

The reimbursable travel expense is the total cost of the travel (i.e., airfare, ground transportation, etc.) multiplied by the following fraction:

\[
\frac{\text{the total number of days spent on business}}{\text{the total number of days outside the U.S.}}
\]

Travel days are counted as days outside the United States, and as business days.

**Travel of a Spouse, Significant Other, Family Member or Friend to a Work Location**

Generally, travel expenses paid or incurred with respect to a spouse, dependent, or other individual accompanying the Commissioner or employee on business travel are not reimbursable unless a business purpose can be shown.

The presence of the spouse has to be necessary, not merely helpful, in order to show business purpose. The test of business necessity for the spouse's presence is made in relation to the business of the Commissioner or employee, rather than the business of the District. Therefore, even if the District required the Commissioner or employee to be accompanied by their spouse on the trip, their expenses might nonetheless be nondeductible under §274. In the absence of a showing of why their presence was necessary in relation to the conduct of the Commissioner's or employee's trade or business, we urge caution in this area, and feel it will be difficult for the District to show business purpose in most cases for spousal travel, assuming that the spouse is not an employee at the District.

**Business-Related Entertainment Expenses**

To comply with the rules for accountable plans, documentation should include the following items, as set forth in Reg. §1.274-5T:

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1. The amount of each separate entertainment expense. Incidental items such as taxi fares and telephone calls may be totaled on a daily basis.

2. The date the entertainment took place.

3. The name, address, or location and the type of entertainment (i.e., dinner or theater), if the information is not apparent from the designation of the place.

4. The reason for the entertainment, or the business benefit gained or expected to be gained, and the nature of any business discussion or activity that took place.

5. The occupation or other information about the person or persons for whom the entertainment expense is being claimed. The name, title, or other designation given must be sufficient to establish the business relationship to the District.

6. Proof of the presence of the Commissioner or employee at the event. For example, the Commissioner's or employee's signature on the credit card receipt would suffice as proof of presence at the event.

If the expenses are reimbursed under an otherwise accountable plan but the Commissioner or employee does not return within a reasonable period of time any reimbursement of expenses for which he or she did not adequately account for, then the amount for which there is not adequate accountability is treated as reimbursed under a nonaccountable plan. The amounts reimbursed under a nonaccountable plan must be reported as wages on the employee's Form W-2. For Commissioners, the amounts reimbursed under a nonaccountable plan must be reported as miscellaneous income on a Form 1099-MISC. (See Appendix D for substantiation requirements for entertainment.)

Travel Requests and Advances

Under the requirements of Reg. 9162-2(9)(1), an advance meets the requirements of an accountable plan if it requires the Commissioner or employee to return to the District within a "reasonable" time period any amount paid in excess of the expenses substantiated, the amount of money advanced is reasonably calculated not to exceed the amount of anticipated expenditures, and the money advanced is made on a day within a reasonable period of the day that the anticipated expenditures are paid or incurred.

Reg. 9162-2(g) states that in general, a determination of what constitutes a reasonable time period depends on the facts and circumstances, and provides for a safe harbor known as the "fixed date method." Under this safe harbor, an advance made within thirty (30) days of when an expense is paid or incurred, an expense substantiated to the District within sixty (60) days after it is paid or incurred, or an amount returned to the District within one hundred twenty (120) days after an expense is paid or incurred will be treated as
being substantiated or returned within a reasonable period of time. Reg. §1.62-2(j) states that excessive advances, e.g., advances beyond what an employee reasonably expects to incur, will be treated as paid under a nonaccountable plan.

Nonaccountable Plans

Under Reg. §1.62-2(h)(2)(i), if an arrangement does not satisfy the requirements of an accountable plan, the amounts paid are wages and are subject to withholding and employment taxes when paid.

APPENDIX B

Summary of Penalties and Applicable Code Sections for Failure to Properly Report Remuneration (Information is Based on Regulations Applicable to Tax Year 1986)

Failure to properly report remuneration to employees can exact the strictest penalties for non-compliance. The following is a summary of potential penalties and applicable code sections for failure to properly report remuneration.

<table>
<thead>
<tr>
<th>Withholding Code</th>
<th>Description</th>
<th>Monetary Exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Income Tax</td>
<td>$341.00</td>
<td>Required Withholding Percentage Method</td>
</tr>
<tr>
<td>Wage Bracket Alternate Method</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FICA and Medicare</td>
<td>$3161</td>
<td>Imposes FICA tax at a rate of 12.4% on the first $72,000 of wages paid, imposes Medicare tax at a rate of 2.9% on all wage payments.</td>
</tr>
<tr>
<td>SUTA</td>
<td>$3341.00</td>
<td>Imposes SUTA tax at the first $7,000 of wages at a rate of 5.4%.</td>
</tr>
<tr>
<td>Requirement to Withhold</td>
<td>$7203</td>
<td>Imposes the liability for tax required to have been withheld by the employer.</td>
</tr>
</tbody>
</table>

Penalty Code 4

| Failure to File | $6651(a)(1) | 5% per monthly period to a maximum of 25% reduced by 6651(b)(1), which is calculated concurrently with $6651(a)(1). |
| Failure to file | $6651(a)(2) | 1/2 of 1% per monthly period to a maximum of 25%. |

Failure to Deposit | $6656 | 2% if deposit is 1-5 days late. |
$5 if deposit is 6-15 days late. |
10% if deposit is more than 15 days late. Penalties are computed on amount due to IRS when deposit was required. |
10% if tax is unpaid after the 10th day following notice and demand for payment. |

Trust Fund Recovery | $6672 | 100% assessable against responsible individuals up to the penalty amount required to be withheld and paid over (FICA/MEDI and FUTA). |

Fraudulent Statement | $6674 | In addition to criminal penalties, the provision provides for (W-2) penalty of $50 per return. |

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Willful Conduct — $7,000—$10,000 or imprisonment for a period not exceeding five years.

Interest — 6%, interest is charged at the published Federal rate from the due date of the return (restricted interest may apply).

Failure to File Correct — $6,210 per incorrect return — limited to $250,000.

Income Returns — $100 per incorrect return if intentional disregard of 10% of amount required to have shown on return — no limitation.

Failure to Furnish Correct — $6,220 — $50 for each failure to a maximum of $100,000.

Copy Statements — $100 per incorrect return if intentional disregard of 10% of amount required to have shown on return — no limitation.

APPENDIX-C

Explanation of Expense Categories

<table>
<thead>
<tr>
<th>Elements to be Proved</th>
<th>Travel Expenses</th>
<th>Entertainment Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>Amount of each separate expense for travel, lodging, and meals. Incidental expenses may be totaled in reasonable categories such as taxis, daily meals for traveler, etc.</td>
<td>Amount of each separate expense. Incidental expenses such as taxis, telephones, etc. may be totaled on a daily basis.</td>
</tr>
<tr>
<td>Time</td>
<td>Date you left and returned for each trip and number of days for business.</td>
<td>Date of entertainment. For meals or entertainment before or after a business discussion, the date and duration of the business discussion.</td>
</tr>
<tr>
<td>Place</td>
<td>Name of city or other designation.</td>
<td>Name and address or location of place of entertainment. Type of entertainment if not otherwise apparent. Place where business discussion.</td>
</tr>
</tbody>
</table>

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was held if entertainment is directly before or after a business discussion.

<table>
<thead>
<tr>
<th>Business Purpose</th>
<th>Business reason for travel or the business benefit gained or expected to be gained.</th>
<th>Business reason or the business benefit gained or expected to be gained.</th>
<th>Nature of business discussion or activity.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Relationship</td>
<td>Not applicable.</td>
<td>Occupations or other information such as names or other designations about persons entertained and their relationship to you. If all people entertained did not take part in business discussions, identify those who did. You must also prove that the employee was present if the entertainment was a business meal.</td>
<td></td>
</tr>
</tbody>
</table>

APPENDIX D

Checklist §274—Entertainment

Yes ☐ No ☐

1. Is there adequate substantiation for the expenditure for entertainment?

Adequate substantiation includes:

— Amount, date, place, and type of entertainment for each separate expenditure. (Incidental items, e.g., taxi fares, may be aggregated on a daily basis.)

— Business purpose of the entertainment, or business benefit derived or expected to be derived.

— Occupation, name, and title of the persons attending, sufficient to establish a business relationship to the District.
If any of the above is not provided, the reimbursement request should be returned to the employee for additional information.

2. Is the entertainment directly related to the active conduct of the District’s trade or business:

   — If no, the IRS requirements are not met and the District will not reimburse these costs.

3. Did the entertainment precede or follow a substantial business discussion? Does the substantiation include the time, place, duration, and business purpose of the discussion, and the identity and business relationship of those attending?

   — If no, the IRS requirements are not met and the District will not reimburse these costs.

**Checklist—Domestic Travel**

1. Are the travel expenses incurred in connection with a trade or business?

2. Does the employee have substantial documentation for the expenses incurred?
Adequate substantiation includes:

- Amount of each separate expense for travel, lodging, and meals (incidental expenses may be totaled in reasonable categories).
- Date employee left and returned for each trip and numbers of days for business.
- Name of city or other designation.
- Business reason for travel or the business benefit gained or expected to be gained.
- If any of the above is not provided, the reimbursement should be returned to the employee for additional information.

3. For travel advances

- Are the employees required to return to the District within a reasonable period of time any amount paid in excess of the expenses substantiated?

- Is the amount of money advanced reasonably calculated not to exceed the amount of anticipated expenditures?

- Is the money advanced made on a day within a reasonable period of the day that the anticipated expenditures are paid or incurred?

- If yes, the advances meet the requirements of an accountable plan.

4. Are advances made within thirty (30) days of when an expense is paid or incurred, expenses substantiated to the District within sixty (600) days after it is paid or incurred, or amounts returned to the District within one hundred twenty (120) days after an expense is paid or incurred?
If yes, amounts will be treated as being substantiated or returned within a reasonable period of time.

If no, unless facts and circumstances can warrant a different time period, amounts should be returned to the District.

Checklist – Foreign Travel

4. Was the foreign travel expense incurred in pursuit of a trade or business, or an activity for the production of income?

   If no, the IRS requirements are not met and the District will not reimburse these costs. Nontravel business expenses incurred at the destination may be allowable subject to meal and entertainment rules.

2. Is there adequate substantiation for

   The amount of each expenditure
   destination
   The dates of departure and return
   The business reason for the travel or the business benefit derived or expected to be derived

   If any of the above is not provided, the reimbursement request should be returned to the employee for additional information.
3. Was the travel time less than one week?

If yes, the foreign travel rules are inapplicable; domestic travel rules apply.

4. If travel was for 1-week or more, will the portion of time attributable to nonbusiness activity exceed 25% of the total travel time?

If no, the travel expenses can be reimbursed under an accountable plan if they satisfy domestic travel rules.

If yes, travel expenses must be allocated between business and nonbusiness on a daily basis. The business portion will be reimbursable under an accountable plan.

5. Checklist—Meals

4. Is there adequate substantiation of

The date, place, amount, and duration of the business discussion.

The subject of the discussion or the nature of the business benefit derived or expected to be derived (i.e., business purpose).

Identity of those present at the meal.

If no, go to question 2.

If yes, go to question 3.

2. Was the meal so small or infrequent an item as to make accounting for it unreasonable or administratively impractical (a “de minimis fringe”)?

If yes, the expenses are allowable.

If no, the IRS requirements are not met and the District
will not reimburse these costs.

3. Were the expenses incurred for a meal away from home when the employee was alone or with persons not connected with business?

If yes, the meal expense of the employee only meets IRS rules for accountable plans. Adequate substantiation (date, place, and amounts) must be provided.

4. Was business discussed during, directly before, or after the meal directly associated with the active conduct of the District’s trade or business?

If no, the IRS requirements are not met and the District will not reimburse these costs.

5. Was the meal lavish or extravagant under the circumstances?

If yes, the IRS requirements are not met and reimbursement must be treated as compensation to the extent they are lavish and extravagant. The amount not considered lavish is allowable.

6. Was the employee present at the meal? (An independent contractor rendering significant services to the District, such as a lawyer, is treated as an employee if attending the meal in connection with providing services to the District.)

If no, the IRS requirements are not met and the District will not reimburse these costs.
Checklist - Conventions, Seminars, Etc.

Yes  No

1. Is there adequate substantiation? This consists of adequate records or sufficient corroborating evidence by the employee's own statement of:

   - The amount of the expense.

   - The time and place of the expenditure.

   - If not, the IRS requirements are not met and the District will not reimburse these costs.

2. Did the convention take place within North America and not on a cruise ship? (North America consists of the United States, Canada, Mexico, U.S. possessions, trust territory of the Pacific Islands, nations included by treaty, and qualifying Caribbean Basin nations.)

   - If yes, the expenses are subject to the normal travel rules.
3. Can the employee prove that the meeting is directly related to the active conduct of a trade or business and that it was as reasonable for the meeting to be held outside of North America as within it? The following factors are considered in determining a business purpose and reasonableness:
   — The purpose of the meeting and the nature of the activities.
   — The purpose of the activities of the sponsoring group.
   — The residences of active members of the sponsoring group and the location of other meetings of the group planned as already held.
   — Any other relevant factors.
   — If no, the IRS requirements are not met and the District will not reimburse these costs.

4. Was the convention held on a cruise ship?
   — If no, the expense is allowable.

5. Was the cruise ship a United States registered ship, all of whose ports of call were within the United States or its possessions?
   — If no, the IRS requirements are not met and any reimbursement must be treated as compensation.

RESOLUTION NUMBER AND DATE: 2012-XXX, 14 August 2012 (Supersedes BPC Policy 641, Resolution No. 2000-247, 14 November 2000, (Supersedes BPC Policy 641, Resolution No. 87-221, 4 August 1987 and Resolution No. 86-7, 7 January 1986)
SUBJECT: TRAVEL AND BUSINESS EXPENSE REIMBURSEMENT POLICY

PURPOSE: To provide policy guidance for the reimbursement of travel, subsistence and business expenses to the members of the Board of Port Commissioners (Commissioners), employees and agents of the San Diego Unified Port District (District), as necessary. The objectives of these guidelines are multifold:

- To ensure that Commissioners, employees and agents of the District, as necessary, are reimbursed on a timely basis for all appropriate business travel expenditures that they have incurred.
- To ensure that the District’s travel, subsistence, and business expenses are cost effective and necessary for the District’s business.
- To set guidelines as to what expenditures are considered appropriate and therefore reimbursable.

The District's Travel and Business Expense Reimbursement Policy (Policy) reflects a commitment to developing a strong presence in a competitive global environment for the betterment of the San Diego region. This Policy includes a commitment to actively identifying and nurturing business opportunities, maintaining key stakeholder relationships, acting on training and best-practices needs in cooperation and collaboration with other ports, associations and industry groups for the District’s long-term success. The Policy seeks to achieve these goals in a responsible, transparent and accountable manner.

A list of definitions is included for reference as Appendix A to the Policy.

Commissioners, employees and agents of the District as necessary will comply with this Policy and the procedures detailed in Administrative Procedure 106-121, “Out-of-Town Travel on Authorized District Business,” Administrative Procedure 128-213, “Business Mileage Reimbursement,” and Administrative Procedure 124-106, “Mobile Device Use Procedure.” These Administrative Procedures are established, approved and revised by the Executive Director or designee.

This Policy will be reviewed on an annual basis for compliance with Internal Revenue Service (IRS) regulations, California Government Code and District policies and procedures.
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    4.2.2 Personal Telephone Calls
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  4.5 Office Supplies
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Appendices

Appendix A, Definition of Terms

Appendix B, List of Reimbursable and Non Reimbursable Expenses

1. Approvals

Commissioners, employees and agents of the District, as necessary, engaging in out-of-town travel for business or professional development purposes must obtain approval prior to the travel. It is expected, absent extenuating circumstances, that approval and travel arrangements be made at least three (3) weeks prior to the trip taking place to obtain optimal airline and hotel reservations.

Where more than one employee participates in a business activity, the individual at the highest level of authority must report the expense or obtain a higher level approval (e.g., a Vice President’s approval for a Director’s expense paid by an employee). It is inappropriate to have an individual at a lower level of authority report the expense, and for an individual at a higher level of authority approve the expense when both participated in the activity. Expenses must be approved by an individual at a higher level of authority than the individual(s) on whose behalf the expense was incurred.

The Chair of the Board of Port Commissioners (Chair) may designate appropriate representatives of the Board to participate in Port-related travel requirements early in the calendar year. The maintenance of a quorum of Commissioners within the District for all scheduled meetings shall be a consideration in the Chair’s decision on assignments. Travel for employees is permitted at the discretion of each Department Head or designee and will be considered within the parameters of each department’s adopted budget, while maintaining focus on the benefits to the District in relation to the anticipated costs for the proposed travel. Any individual submitting a fraudulent BPC Policy No. 641
expense report will be subject to disciplinary action up to and including termination, as well as penalties under applicable IRS regulations.

2. General Expense Reimbursement Guidelines

2.1 Reimbursable and Nonreimbursable Expenses

The District has established the following guidelines for travel, subsistence and business expense reimbursement for all Commissioners and District employees. If a Commissioner requests reimbursement for an expense that does not fall within the adopted policy, the expense shall be approved by the Board in a public meeting before the expense is incurred. Reimbursement to employees for any expenses that have not been covered in this document, or are unusual in type or amount, must be explained in detail on the expense report and is subject to approval by the Executive Director or designee.

The District will reimburse for reasonable, properly approved and substantiated travel, subsistence, and business expenses in accordance with the guidelines set forth in this Policy. Such expenses may result from attendance at District-related conferences, seminars or meetings; in-town transportation or out-of-town travel for business purposes; or other business-related expenses.

The District will not reimburse for any expense amounts not actually incurred. For example, the District will not reimburse an amount in lieu of hotel costs when an individual stays with friends or relatives, nor will the District reimburse meal costs if in fact the actual costs were paid by another party.

If travel is personal and part business, then the travel expenses should be allocated between the reimbursable business portion and the nonreimbursable personal portion. The District does not reimburse the nonbusiness portion of travel expenses.

A list of the reimbursable and non-reimbursable expenses are listed in Appendix B. Commissioners and employees should refer to the remaining detailed sections of this policy to understand the limitations in each area.

2.2 Time Frames

The following are required time frames for receiving and returning travel advances and submitting travel expense reports. Failure to account for travel advances within following time frames may result in the suspension of privileges to obtain further advances and/or participation in future District-paid travel and the amount will be treated per IRS regulations.

BPC Policy No. 641
• A travel advance must be accounted for within thirty (30) days of when an expense is paid or incurred.
• Expenses to be reimbursed must be reported and prepaid expenses must be accounted for within sixty (60) days after expenses are paid or incurred.
• A travel advance in excess of substantiated and allowable expenses must be returned to the District within one hundred twenty (120) days.

Written reminders will be sent to Commissioners and employees who have received travel advances and/or incurred prepaid expenses and who fail to submit an expense report within thirty (30) days of completion of the trip.

Employees terminating employment must file expense reports at least five (5) working days before the last date of employment. Failure to do so may result in the District denying the reimbursement request.

2.3 Substantiation of Expenses

Each traveler submitting a Travel Expense Report Statement must also submit a Travel Report explaining the trip. The Report should summarize the highlights of and/or the key results of the trip. Commissioners must provide a brief verbal report at the next regular meeting of the Board.

Substantiation of travel expenditures must include the following items:

• The amount of the travel expenditures.
• The dates of employee departure and return, and the number of travel days spent on business away from home.
• The destination or locality of the travel, described by name of city or town or other similar designation.
• The business reason for the travel or the business benefit gained or expected to be gained.

Pursuant to California Government Code, Commissioners must provide itemized receipts for all expenses regardless of the amount. The Executive Director, Port Attorney, Port Auditor, Executive Vice Presidents and Vice Presidents must also provide itemized receipts for all expenses regardless of the amount.

For all other employees, the District requires that itemized receipts must be provided for all expenditures of $25 or more.
For both Commissioners and employees, each receipt must be imprinted with the name of the business and date. In those instances where a receipt is lost or otherwise unavailable, a written statement of the circumstances must be attached and may, or may not, be accepted for reimbursement, depending upon the circumstances.

2.4 Cancellation and Penalties

If a conference or seminar registration fee, airline ticket, or hotel deposit was prepaid by the District, and the employee is unable to travel and the prepayments are not refundable, the employee shall reimburse the District for all prepaid costs, unless the inability to attend is for valid medical reasons, personal emergencies, or trip cancellation by the District or customers in the case of sales calls. In the case of trip cancellation, Commissioners and employees shall return any travel advance promptly to the District. Employees shall also reimburse any non-refundable prepayment promptly to the District.

2.5 Loss and Theft of Personal Effects

Commissioners and employees are encouraged to leave valuable items at home. If that is not possible, items should be placed in a hotel safe when available.

In the case of losses during foreign travel, the District may have some coverage under a foreign liability policy. In the event of loss or theft of personal effects where District insurance does not exist, the Commissioner or employee may choose to file a claim against their personal auto and/or homeowner’s insurance policies for reimbursement if possible. Insurance deductibles for damaged, lost or stolen items may be reimbursed on a case-by-case basis.

3. Travel and Subsistence Expenses

3.1 Air Travel

3.1.1 Travel Services Coordinator/Travel Management Company

All airline tickets shall be obtained through the Travel Services Coordinator/Travel Management Company. All unused tickets, refundable or nonrefundable, shall be returned to the Travel Services Coordinator/Travel Management Company for credit or reuse. All lost or misplaced tickets must be reported to the Travel Services Coordinator/Travel Management Company who will arrange replacement or refund. Commissioners and employees shall not exchange airline tickets purchased by the District. Any exchanges shall be administered by the Travel Services Coordinator/Travel Management Company.
3.1.2 Airfares

Air travel by Commissioners and employees ordinarily should be at the lowest fare available for the applicable class of service that permits travel at reasonable times and with reasonable itineraries taking into consideration business needs, total travel time, the nature of the trip and the participants. This is inclusive of the District’s intent to support San Diego region businesses, which includes direct international flights to and from San Diego International Airport. The cost of upgrading an air ticket from a reimbursable class of service to a higher class of service (e.g., the charge to upgrade plus the differential between the lowest applicable fare available and any higher fare that is required to upgrade), is considered a personal expense. This applies to Commissioners or employees who opt to upgrade their air tickets at a cost that exceeds the following reimbursable guidelines:

- For air travel within the United States (including Hawaii and Alaska), Mexico and Canada; Coach fare basis.

- For air travel outside the United States, Mexico and Canada, Business Class fare (or First Class if Business Class is not available.) For flights under this rule, the domestic leg/connecting flight may be booked as Business Class fare as well.

Exceptions may be allowed for free upgrades, upgrades paid by the traveler, or upgrades necessitated by documented medical or physical condition under the Americans with Disabilities Act.

3.1.3 Discounted Fares

Commissioners and employees are expected to take advantage of the advance ticket pricing. However, where discounted fares are available only with penalties for cancellation or change, the probability of cancellation or change should be weighed against the amount of the discount, the size of the penalty, and the likelihood of future use.

To obtain the most economical fare when booking air travel, Commissioners and employees should provide general departure and arrival times, rather than specific carriers and flights. The ideal reservation is one with the least cost but is not unduly inconvenient.

Ordinarily, individuals may choose to depart one or two days early (e.g., on a Saturday for a meeting beginning on Monday morning) or to stay one or two extra days (e.g., until Sunday after a meeting ending on Friday or Saturday) if by doing so they are able to obtain a discounted airfare which they would not otherwise receive, and as long as the combined cost of the discounted airfare and additional allowable expenses are less than the cost of the lowest airfare otherwise available. If the additional travel does not meet these guidelines, it will be treated as a personal expense.
3.1.4 Public Transportation

Out-of-town travel may entail the use of taxis, shuttles, livery service, ferries, buses or other public transportation to go to and from the airport or for movement around a metropolitan area. Cities differ in the types of cost-effective transportation that they offer for transfers to and from airports or around the city. Individuals should choose the least expensive, safe and direct type of transportation. In general, transportation to and from the airport should be by airport shuttle unless unavailable. Other reasonable transfer costs will be reimbursed.

When a personal automobile is used for transfer to an air, rail, or ship terminal, day parking at terminals will be reimbursed; however, automobiles should not be parked for extended periods at terminals unless the combined cost of mileage reimbursement and parking is less than other available transfer costs. See section entitled "Parking" for a further explanation of reimbursable parking expenses.

3.1.5 Travel of a Spouse, Significant Other, Family Member or Friend

The cost of travel and any related cancellation fees for a spouse, significant other, family member, or friend is considered a personal expense and is not reimbursable by the District.

3.1.6 Airline Air Phone Usage

Except in emergencies, usage of air phone service is reimbursable only for District business purposes.

3.1.7 Frequent Flyer Award Programs

The District does not reimburse individuals for the value of frequent flyer miles or points redeemed to acquire airline tickets or hotel rooms for out-of-town travel on District business.

Individuals may use frequent flyer miles or points earned through business travel for personal purposes (e.g., personal or family travel). Commissioners and employees may use frequent flyer miles or points to upgrade from a reimbursable class of service to a higher class of service. However, where there is a monetary cost in upgrading, e.g., a charge to upgrade or a higher fare is required, such costs are a personal expense.

Membership dues in frequent flyer and similar award programs (e.g., American Express Membership Rewards Program or Diners Club Rewards) are a personal expense.
3.2 Automobile Travel and Rental Cars

3.2.1 Mileage Allowance and Tolls

Individuals may opt to drive to an out-of-town location instead of fly, if economically feasible. When it is necessary for individuals to travel by personal automobile to out-of-town locations, two or more persons should travel in the same automobile whenever practical to reduce expenses. When a personal automobile is used to travel to an out-of-town location on District business, the District will reimburse the lower of either the lowest authorized class of fare available and transfers at that time, or the cost of mileage and tolls paid. The maximum reimbursement shall not exceed the cost of the least expensive authorized class of airfare to the same location.

3.2.2 Parking

The District will reimburse reasonable parking costs incurred while using an automobile on out-of-town District business. The District will reimburse the lesser of the parking cost for a personal vehicle left at the long term parking facility, the cost of a shuttle service, or the cost of a taxi to and from the airport. See section entitled “Public Transportation” for a further explanation of reimbursable transfer expenses.

3.2.3 Rental Cars

Use of automobile rentals while on out-of-town business travel should be limited to those circumstances where the need for an automobile for business purposes is expected to be extensive, where safety of the traveler is a concern, or the use of taxi services or public transportation would not be economical or practicable.

Reservations for a rental car must be made through the Travel Services Coordinator/Travel Management Company so that the optimal reservation can be obtained. When use of a car rental is required, the District will reimburse the expense up to a mid-size vehicle, unless the number of persons traveling requires a larger car. If the District’s business is located in the same hotel in which the individual is staying, the cost of the rental car will not be reimbursed unless a vehicle is needed to make a significant amount of business related travel at the travel destination. If using a rental car or personal vehicle, use of a taxi or shuttle is not reimbursable, unless it is more economical (e.g., where the hotel’s parking fee is $20 per day, with no in/out privileges).

Detailed and itemized car rental receipts are required for reimbursement of the cost by the District to the Commissioner or employee. The receipt shall include: make of the...
car, price per day or week, taxes, and other charges as assigned. A copy of the car rental contract must accompany the reimbursement request. Copies of credit card billing receipts not listing itemized details are insufficient for reimbursement.

3.2.4 Insurance Coverage for Rental Cars

The District’s Business Auto Policy (BAP) provides liability, collision, and comprehensive coverage for vehicles rented in the United States, territories and possessions of the U.S., Puerto Rico and Canada by Commissioners and employees while on District business. Additionally, the District has a Travel Accident Policy that provides benefits in the event of accidental death or dismemberment while Commissioners and employees are traveling worldwide on District business. Therefore, while traveling in the U.S., Commissioners and employees should decline all optional liability, property damage and other coverage and waivers offered by the various car rental companies. Commissioners and employees who purchase such coverage and waivers do so at their own expense.

The District’s BAP does not provide liability or property damage coverage for vehicles rented in foreign countries other than Canada. Therefore, if and when District Commissioners and employees rent vehicles in foreign countries other than Canada, they should accept all liability insurance coverage and physical damage waivers offered by the rental companies.

3.2.5 Refueling Charges on Rental Cars

Rental car company charges for refueling the car upon return are very expensive. Individuals should make every effort to refuel the car before returning it. If it is offered, and a gas station is not reasonably close to the rental car facility, the traveler should consider pre-paying gasoline.

3.2.6 Personal Use of Rental Cars

Should individuals elect to rent a car even though it is not necessary for use in traveling to and from seminar/conference sites and local restaurants (within a reasonable distance), the car rental is considered a personal expense. All costs of cars rented for personal use (entertainment, shopping, visitation of a friend, etc.) are a personal expense. If a car is rented for combined business and personal use, the total cost of the rental should be allocated between reimbursable business and nonreimbursable personal expense.
3.3 Lodging and Associated Expenses

3.3.1 Lodging

The hotel and type of room selected will be managed by the Travel Services Coordinator/Travel Management Company to obtain appropriate accommodations at the best available rates. Whenever possible, the Traveler should stay at the seminar/conference or business meeting sites to take advantage of group rates and avoid incurring unnecessary transportation costs for taxis or rental cars.

If a hotel reservation must be cancelled, it is the responsibility of the traveler to advise the hotel prior to the arranged date of arrival to avoid "no show" charges.

3.3.2 Laundry and Dry Cleaning

On out-of-town business travel consisting of three (3) or more consecutive nights, the District will reimburse reasonable laundry and dry cleaning costs. The District does not reimburse for laundry and dry cleaning costs on out-of-town business travel of fewer than three (3) consecutive nights.

3.3.3 Additional Hotel Charges

Lodging includes only the cost of a single occupancy room and related costs such as room taxes. Meal costs included on the hotel bill should be classified as "Meals." Other business expenses, e.g., business taxes, included on the hotel bill should be accurately classified on the Travel Expense Report. Personal expenses included on the hotel bill, e.g., in-room movies, should be redacted as personal expenses and should not be submitted for reimbursement. Refer to section 2.3, Substantiation of Expenses for further detail.

3.4 Meals and Associated Expenses

3.4.1 Meals

Commissioners and employees are reimbursed for reasonable, actual meal costs that are appropriate for the different circumstances.

3.4.2 Meals and Entertainment with Business Associates

The District encourages activities with business associates who may assist in business development for the District. The business associates entertained and the form of entertainment should be directly related to District business.
Documentation for business entertainment must include the following items:

- The amount of each separate entertainment expense. Incidental items such as taxi fares and telephone calls may be totaled on a daily basis.
- The date the entertainment took place.
- The name, address, or location and the type of entertainment (e.g., dinner, theater, etc.), if the information is not apparent from the designation of the location.
- The reason for the entertainment, or the business benefit gained or expected to be gained, and the nature of any business discussion or activity that took place.

Commissioners and employees must submit adequate substantiation for the expenses claimed or they will not be reimbursed.

3.5 Foreign Currency Conversion

Reimbursement for travel to a foreign country shall be calculated at the average posted exchange rate during the trip, unless the currency exchange receipt or printout from a currency exchange rate site (such as www.oanda.com) showing the date of travel and the conversion rate is attached. The District will not accept out-of-town expense reports, or the return of travel advances, calculated in foreign currency. Refunds to the District on travel advances paid to Commissioners and employees will be made in U.S. currency only.

3.6 Third-Party Payments

Travel and subsistence expenses received from third parties shall be disclosed in compliance with California Code of Regulations as promulgated by the California Fair Political Practices Commission.

4. Other Business Expenses

4.1 Gratuities

Gratuities paid while out on District business are reimbursed based on actual amounts expended up to maximums identified below plus or minus $1.00. Gratuities are normally identified separately when paid to bellmen or airport porters. Gratuities for meals and transportation are normally included in the expenses for these categories. Receipts are not required for gratuity reimbursement.
Reasonable gratuities by category are:

- Meals Not greater than 18%
- Other travel services 15%

Gratuities greater than the amounts identified above are considered personal expenses and are not reimbursable.

4.2 Telephone Calls

4.2.1 Business Telephone Calls

The District will reimburse any business-related calls made while out of town on District business. Commissioners and employees are encouraged to use the lowest cost option for these calls; for instance, dialing directly from a hotel room should be the last resort as it is typically the highest cost alternative.

4.2.2 Personal Telephone Calls

The District will reimburse the reasonable cost of one telephone call per day made by an individual to his or her family or significant other during an out-of-town assignment. Use the lowest cost option for this call, dialing directly from your hotel room should be the last resort as it is typically the highest cost alternative.

4.3 Cellular Phones

Within the United States, those with a District issued cellular phone should use it as usual for business calls and the allowable personal call per day. Outside the United States, refer to Administrative Procedure No. 124-106, Mobile Device Use Procedure.

4.4 Business Fax and Overnight Shipping Charges

Business fax charges and overnight shipment charges while traveling are reimbursable expenses. Generally, fax charges, if available through the hotel's business center, are the least expensive.

4.5 Office Supplies

The District maintains an inventory of standard office supplies used routinely in its work. Supplies that are not standard and are a personal preference are considered a personal expense. In most cases, individuals should not purchase supplies directly. In rare cases, e.g., on out-of-town travel, where it is impractical to obtain supplies from the office,
individuals may purchase supplies directly, subject to approval on the Travel Expense Report.

4.6 Promotional Expenses – Local

When authorized and required to make expenditures locally on District business, Commissioners and employees are entitled to receive reimbursement for necessary expenses incurred.
Appendix A

Definition of Terms

Agent of the District: An agent of the public, State or government; a person authorized to act for the public in some manner pertaining to the administration of government or to aid District officials in the performance of the public interest.

Coach Fare: Any fare available in the Coach cabin. Economy plus/coach elite seating service may vary from airline to airline and use various names, but it is in the economy/coach cabin and is considered Coach Fare.

In-town Transportation: Travel that does not fall under the category of out-of-town travel defined below.

Livery Service: A business that keeps vehicles that people can hire (usually alternate transportation such as boats).

Out-of-town Travel: When a traveler is required to be away from the general area of their home substantially longer than an ordinary day’s work and the traveler needs to sleep or rest to meet the demands of work while away from home. Generally that would mean a location outside of San Diego County.

Reasonable Calculation for a Travel Advance: The amount of money advanced does not exceed the amount of anticipated expenditures.

Reasonable Time for Issuance of a Travel Advance: Within thirty (30) days of when an expense is paid or incurred.

Reasonable Time for Substantiation of Expenses to the District: Within sixty (60) days after it is paid or incurred.

Reasonable Time for Return of Travel Advance Amount Not used: Within one hundred twenty (120) days.
Appendix B

Reimbursable Expenses

The following out-of-town travel, business and subsistence expenses, when reasonable and properly substantiated, are reimbursable through timely expense reporting:

- Air, ship, or train travel
- Airline baggage check fees
- Foreign transaction fees when on international travel
- Insurance deductible and amounts not reimbursed by insurance for damage to a personal automobile while on District business may be reimbursed on a case-by-case basis
- Insurance deductible and amounts not reimbursed by insurance for theft of, or damage to, personal property from an automobile, hotel room, or office being used while on District business may be reimbursed on a case-by-case basis
- Transportation costs, including taxi fares, ferries, shuttles, etc., when necessary for business transfers
- Hotel or other lodging costs with itemized bill
- Hotel gym usage (excluding spa services, if any)
- Gratuities (up to a maximum of 18% for meals and 15% for other travel services, plus or minus $1.00)
- One personal telephone call home per day
- Laundry and dry cleaning for travel requiring 3 or more consecutive nights away from home
- Rental car costs when necessary for out-of-town travel
- Mileage, parking charges, and tolls when using an automobile for District business
- Telephone and fax charges for business purposes while traveling Internet access fees
- Overnight shipment charges for business purposes while traveling
- Seminar and conference registration costs
- Meals and/or entertainment of business associates, in connection with a specific business purpose
- Meals and/or refreshments only for employees in connection with a specific approved group-related business activity (pre-approval of the Executive Director or Executive Vice President is necessary)
- Supplies, books, and equipment, if needed for seminars or conferences

Nonreimbursable Expenses

The following are examples of travel and subsistence and business expenses which are not reimbursed by the District:

- Alcohol and liquor served at meals, unless consumed by business associates
- In-room personal consumption of hotel mini-bar contents (except non-alcoholic contents, e.g., bottled water, soda or snacks)
- In-room movies or video games
- In-flight movies, airplane head set rental
- Laundry and dry cleaning for travel requiring fewer than three (3) consecutive nights away from home
- Newspapers and magazines
- Toiletries (Reasonable exception may be made in extraordinary circumstances where baggage is lost for an extended period of time and business is to be conducted upon arrival. Proof of lost luggage required.)
- Personal items and services (e.g., baby-sitting, haircuts, kennel fees, etc.)
- Apparel purchases (business or casual) (Reasonable exception may be made in extraordinary circumstances where baggage is lost for an extended period of time and business is to be conducted upon arrival. Proof of lost luggage required.)
- Travel insurance (the District’s insurance provides coverage)
- Alarm clocks
- Cost of charter or rental of aircraft
- Parking tickets and traffic fines
- Gasoline, car washes, oil changes, and other maintenance or repair services for personal automobiles used on business trips (the District reimburses automobile expenses based on rate per mile driven which includes auto-related expenses)
- Car washes for rental cars
- Meals or entertainment with persons that have no direct business purpose
- Meals, refreshments, or entertainment among employees unless pre-approved by the Executive Director or Executive Vice President
- Dinner shows
- Unreasonably costly expenditures (e.g., meals at inappropriately expensive restaurants)
- Personal entertainment
- Gifts by employees to other employees, holiday greeting cards, etc. Briefcases (unless approved and purchased by the District)
- Office supplies such as pens and pencil sets, pocket calculators, or electronic devices such as daily organizers and personal digital assistants (unless approved and purchased by the District)
- Personal credit or debit card fees (e.g., transaction, membership or annual fees) except foreign transaction fees while on international travel
- Political contributions
- Membership dues in airline clubs for employees
- Membership dues in frequent traveler award programs (e.g., American Express Membership Rewards Program, etc.)
- Expenses incurred for the purpose of supporting or opposing, or raising money to support or oppose any candidate, ballot measure, or political party
- Expenses incurred with any club or organization that discriminates on the basis of race, gender, religion, sexual orientation, or other individuating criteria in its membership policy.

RESOLUTION NUMBER AND DATE: 2012-XXX, 14 August 2012 (Supersedes BPC Policy 641, Resolution No. 2000-247, 14 November 2000, Resolution No. 87-221, 4 August 1987 and Resolution No. 86-7, 7 January 1986)
RESOLUTION AMENDING BOARD OF PORT COMMISSIONERS POLICY NUMBER 641, TRAVEL AND BUSINESS EXPENSE REIMBURSEMENT POLICY

WHEREAS, the San Diego Unified Port District (District) is a public corporation created by the legislature in 1962 pursuant to Harbors and Navigation Code Appendix 1 (Port Act); and

WHEREAS, Section 21 of the Port Act authorizes the Board of Port Commissioners (Board) to pass all necessary ordinances and resolutions for the regulation of the District; and

WHEREAS, as part of the District's commitment to continuous improvements of its policies and alignment with best practices of public agencies, the President/CEO directed District staff to provide recommendations to the Board for revisions to Board Policy number 641, Travel and Business Expense Reimbursement Policy (Policy); and

WHEREAS, a team of District staff from Audit and Risk Management, Executive Offices, Financial Services, Port Attorney's Office, and the Office of Commissioner and Travel Services reviewed the existing Policy and recommended revisions; and

WHEREAS, District staff reviewed the recommended Policy for compliance with the California Government Code sections 53232.2 and 53232.3, Internal Revenue Publication 463 – Travel and Entertainment, Gift and Car Expenses; and

WHEREAS, District staff reviewed for best practices the San Diego County Taxpayers Association recommendations on Travel and Business Expense Reimbursement approved by the association's board on May 14, 2010 and MasterCard Corporate Payment Solutions, "Best Practices Guide"; and

WHEREAS, District staff reviewed, as benchmarks, the State of California, University of California, San Diego County Regional Airport Authority, City/Port of San Francisco, City/Port of Los Angeles, Port of Long Beach, Port of Hueneme, Port of Stockton, Port of Sacramento, Department of Defense, "the Joint Travel Regulations, Volume 2 for Civilian Personnel"; and
WHEREAS, the recommended revisions to Board Policy number 641, (Attachment C to the corresponding Agenda Sheet) strive to consolidate and clarify information to make the Policy easier for Commissioners, employees and the public to understand and thus results in increased transparency.

NOW, THEREFORE, BE IT RESOLVED by the Board of Port Commissioners of the San Diego Unified Port District, as follows:

That Board of Port Commissioner's Policy Number 641, Travel and Business Expense Reimbursement Policy, as amended, a copy of which is on file in the office of the District Clerk, is hereby adopted.

ADOPTED this ___________ day of __________________ 2012.