

**TRAVEL, CONFERENCE, AND BUSINESS EXPENSE POLICY
FOR MEMBERS OF
THE BOARD OF DIRECTORS AND STAFF**

I. PURPOSE

The purpose of this policy is to (i) define and clarify business activities for which members of the Board of Directors and staff of the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency ("LOSSAN" or "Agency") are authorized to receive reimbursement of expenses in accordance with Government Code Section 53232, *et seq.*, and the Agency By-Laws, and (ii) establish procedures for reimbursing such expenses.

II. POLICY

- A. All travel that requires an overnight stay or transportation by airplane must be preapproved through an approved Travel Authorization (TA). Single-day travel by car or rail that does not involve overnight lodging or air travel does not require a TA but must be preapproved by the employee's direct supervisor or manager and the Managing Director or Deputy Managing Director.
- B. All travel, conference, and business expenses must be for the benefit of LOSSAN and must be reasonable and necessary under the circumstances. Expenses must comply with all applicable statutes as well as applicable policies of LOSSAN or the Managing Agency.

III. SCOPE

This policy is applicable to Members of the LOSSAN Board of Directors (Board) and Agency staff.

IV. AUTHORIZATION AND REIMBURSEMENT OF BUSINESS EXPENSES

A. Travel Approval

- The Managing Director shall approve travel requests submitted by the Deputy Managing Director.
- The Deputy Managing Director shall approve travel requests submitted by the Managing Director.
- The Managing Director or Deputy Managing Director shall approve travel requests of all other staff members.
- Single-day travel by car or rail that does not involve overnight lodging or air travel must be preapproved by the employees' direct supervisor or manager and the Managing Director or Deputy Managing Director.

A Travel Authorization is not required for this type of travel, provided the travel meets the reimbursement criteria outlined in this policy.

- Travel requiring an overnight stay or air transportation must be preapproved through a Travel Authorization (TA) approved by the Managing Director or Deputy Managing Director and submitted to the Deputy Chief Executive Officer for final approval.
- The Executive Committee shall approve travel that falls outside of the Specific Occurrences discussed in Section C below.

B. General

LOSSAN shall allow actual and necessary expenses incurred by Board Members and staff in the performance of their duties. Board Members and staff shall be expected to exercise good judgment and show proper regard for economy when incurring expenses in connection with official LOSSAN business. The principle of "reasonable and necessary" should be used when deciding to expend taxpayer money. All expenditures and requests for reimbursement shall logically relate to the conduct of LOSSAN business and shall be "necessary" to accomplish the purposes of such business and shall be "reasonable" in amount.

Allowable expenditures may be paid directly by LOSSAN, charged to a LOSSAN corporate credit card (if applicable), or reimbursed to Board Members or staff upon presentation of a completed expense report and receipts.

C. Specific Occurrences

The following occurrences, also referred to as qualifying activities in this policy, are approved as qualifying for payment of actual and necessary expenses incurred by a Board Member or staff:

- Registration fee (if any) and costs of travel and lodging to meetings, conferences, and advocacy trips where Board Members, Managing Director and/or staff are specifically representing LOSSAN.
- Any occurrence which does not fall within the specified activities above must be approved by the Executive Committee before the expense is incurred in order for the Board Member or staff to be reimbursed for any expenses related to the occurrence.

D. Transportation

The following transportation modes may be employed for the purpose of traveling on LOSSAN business:

1. Airfare and Rail

All Board Members and staff shall utilize coach or tourist class accommodations when traveling within the continental United States by commercial airlines. All Board Members and staff shall utilize coach accommodations when traveling by train. Employees may travel in business class if the trip is longer than sixty (60) minutes in length. Business class is not reimbursable for trips between Orange County and Los Angeles. Reservations, where possible, should be made in advance to take advantage of all available discounts. Increased costs related to late booking may be disallowed without a sound business reason. Travel arrangements can be paid for with a personal credit card. Credit card purchases will be reimbursed only for actual round-trip fares and associated fee and only after the trip is taken. Board Members and staff may, at their own expense, pay to upgrade their airline or rail accommodations.

2. Private Automobile

Board Members and staff will be reimbursed for actual mileage (not to exceed coach or tourist class airfare or rail where commercial air or rail travel is a reasonably available alternative) for the use of their private automobiles in travel to and from qualifying activities on LOSSAN business. The reimbursement rate will be at the current rate established by the Internal Revenue Service (IRS) guidelines.

Reimbursement will be based on the actual number of miles traveled between the origin and the travel destination, provided it does not exceed the distance from the LOSSAN administrative offices to the travel destination. When travel begins at an employee's home and the destination is closer than the LOSSAN administrative office, the mileage is considered part of the normal commute and is not reimbursable.

If travel begins or ends at a third location due to business reasons (e.g., a hotel stay required for a conference), the reimbursable mileage should be calculated from that location to the final destination. However, reimbursement should not exceed the mileage that would have been incurred if the travel had originated from the employee's primary work location or home, whichever is shorter.

Board Members and staff are required to verify mileage claimed via an online mapping tool such as Google Maps, MapQuest or similar and submit such printed mileage verification for reimbursement.

3. Garage, Parking, Bridge, and Highway Tolls

Expenses for necessary parking and storage of private vehicles are authorized. Expenses for necessary bridge and highway tolls are authorized. Receipts or other reasonable verification must be provided to obtain reimbursement.

4. Vehicle Rentals, Taxi, and Transit Fare

Expenses for such transportation may be authorized where reasonable and necessary to conduct LOSSAN business. Receipts must be provided to obtain reimbursement. When selecting a rental vehicle over taxi or shuttle service, there should be a clear business reason or cost benefit to support the decision. Car rentals must be requested and approved in the travel authorization unless there are extenuating circumstances. Associated expenses for gas, supplemental insurance, and taxes are reimbursable. If a rental car is denied, related parking fees will also be denied, and the traveler will instead be reimbursed for round-trip shuttle or taxi fares.

When renting a vehicle, travelers must also comply with the following requirements:

- a. All parties that may drive the rental car must sign the rental agreement.
- b. Rental cars may not go out of the geographical areas listed on the rental agreement unless the rental company is notified in advance.
- c. Drivers must follow all local traffic rules and laws.
- d. Drivers must not drive after drinking alcohol.
- e. Travelers shall take out the supplemental insurance offered by the rental agency.

E. Lodging

Expenses will be allowed for adequate lodging. Price is an issue in selecting "adequate lodging." Prudence and good stewardship should be used when selecting a hotel. Itemized receipts for lodging must be provided to obtain reimbursement.

Employees shall be eligible for lodging reimbursement if travel exceeds 85 miles one-way and the duration of the travel-related activity is expected to exceed 12 hours.

Travelers should seek lodging rates (excluding taxes and fees) at or below the federal government's per diem rate. If such rates are not available, a hotel's discounted government rate shall be allowed. If attending a conference where the organizers have reserved blocks of rooms at discounted rates, travelers shall reserve rooms at the discounted conference rate or the hotel's governmental rate,

whichever is lower. A schedule of federal lodging per diem rates is available on the U.S. General Services Administration (GSA) website: www.gsa.gov.

If an employee chooses not to stay overnight and instead returns home, they are encouraged to consider factors such as distance, time of day, and physical condition. Managers and employees should exercise sound judgment to avoid unsafe travel conditions, including inclement weather or fatigue.

F. Meals and Incidentals

Reasonable and customary expenses for meals and incidentals are authorized for Board Members and staff as required to conduct qualifying LOSSAN activities. Meals and incidentals shall be reimbursed using the IRS Meal and Incidentals Expense (M&IE) per diem rate applicable to the specific locality. For in-state travel, the first and last day of the trip (travel days) the reimbursement shall be 75 percent of the M&IE per diem rate. For out-of-state travel, the first and last day of the trip (travel days) the reimbursement is 100 percent of the M&IE per diem rate when travel time is more than four hours.

For per diem subject to the 75 percent of the M&IE, employees may submit a separate receipt for reimbursement for an individual meal if travel time extends beyond a reasonable period for a meal due to circumstances outside of their control, or if total travel time exceeds 12 hours. The receipt must clearly show that the meal was purchased during the applicable meal period (e.g., breakfast or dinner) and within the locality of travel. Reimbursement will be subject to the GSA rate for that meal and locality and approval from the Managing Director. The per diem includes reimbursement of tips on meals and incidentals at the locality-specific GSA rate.

A day's per diem rate shall be reduced proportionately for meals provided at no cost to the traveler. The amount of the reduction shall be based on the applicable meal using the M&IE table that allocates the per diem amount between breakfast, lunch, and dinner. This reduction applies even if the traveler skips the provided meal or chooses to eat elsewhere. The reimbursement amount shall also be reduced by any direct charges that were made to the Board Member's or staff member's corporate card for meal and incidental expenses (if applicable).

The Managing Director may allow you to claim the full M&IE allowance if:

1. You are unable to consume the furnished meal(s) because of medical requirements or religious beliefs; and
2. You purchase substitute meals in order to satisfy your medical requirements or religious beliefs.

For single-day travel, reimbursement at 75 percent of the M&IE per diem rate applies only if the round trip exceeds 85 miles each way from the LOSSAN office and the total duration of the travel-related activity exceeds 12 hours.

Travel within 85 miles each way is considered local travel. Meals associated with local travel shall not be reimbursed unless approved by the Managing Director. If approved, the actual cost of the meal plus tip shall be reimbursed at the GSA rate for that meal and locality. A receipt is required for reimbursement of meals incurred during local travel. Obtaining preapproval is recommended.

A Board Member or staff member may request a reimbursement less than the M&IE per diem rate. Receipts are not needed to document meal and incidental expenses to be reimbursed on an expense report, except when requesting reimbursement above the 75 percent per diem rate for the first and last day of travel. Additionally, receipts are required to document corporate credit card charges for meals and incidental expenses.

A schedule of M&IE per diem rates is available on the U.S. GSA website: www.gsa.gov.

G. Transportation Security Administration (TSA) Pre-Check Program

TSA Pre-Check enrollment program fees are a reimbursable expense for LOSSAN employees who have been with the agency for a minimum of one year and take or anticipate taking four or more LOSSAN business trips per year. Reimbursement will be provided upon submission of proof of payment and confirmation of TSA Pre-Check enrollment. This benefit is intended to support employees with a demonstrated need for frequent business travel on behalf of the agency. The Managing Director must approve the expense prior to enrollment in the TSA Pre-Check program.

H. Tips and Gratuities

Reasonable expenses for tips are allowable for hotel and transportation purposes. Tipping for meals, rideshare services, and similar expenses shall be limited to a maximum of 20 percent of the total bill to ensure consistency and prevent excessive tipping. Tips for housekeeping at hotels are reimbursable at a rate of \$3 to \$5 per night and included within incidentals as part of daily per diem.

I. Mileage Reimbursement

Travelers will be reimbursed for the use of private vehicles for official LOSSAN business in accordance with current IRS regulations regarding mileage reimbursements. Reimbursement shall be based on actual miles traveled at the IRS-established reimbursement rate. Transportation expenses between an employee's home and their primary or regular place of work are considered personal commuting expenses and are not eligible for reimbursement. Employees who receive a car allowance are not eligible for mileage reimbursement.

Reimbursement will be based on the actual number of miles traveled between the origin and the travel destination, provided it does not exceed the distance from the LOSSAN administrative offices to the travel destination.

If travel begins or ends at home and the destination is closer than the LOSSAN office, the mileage is not reimbursable. If the destination is farther than the employee's regular commute, only the excess mileage may be reimbursed.

If travel begins or ends at a third location due to business reasons (e.g., a hotel stay required for a conference), the reimbursable mileage should be calculated from that location to the final destination. However, reimbursement should not exceed the mileage that would have been incurred if the travel had originated from the employee's primary work location or home, whichever is shorter.

If a traveler chooses to drive a private vehicle instead of using public transportation, reimbursement shall not exceed the cost of economy/coach class airfare or rail fare when commercial air or rail travel is a reasonably available alternative.

J. Registration Fees

Convention or meeting registration fees qualify for reimbursement. LOSSAN will directly pre-pay conference registrations and other event fees prior to the date of the event. In cases where early registration is not possible, a receipt or registration form verifying the fee was paid must be provided with the reimbursement request.

K. Communications

Telephone, fax, computer and internet-related expenses may be incurred only for the conduct of LOSSAN business. Wi-Fi on planes is a reimbursable expense when required for official LOSSAN Agency business. Board Members and staff are encouraged to use cell phones when available. Employees should consult with their direct supervisor to determine if a communication-related expense is appropriate for reimbursement.

L. Miscellaneous

Expenses for duplication and publications of value to LOSSAN are authorized for reimbursement. Expenses not specified in this policy, but which are reasonable and necessary for the performance of a Board Member or staff member's duties are authorized for reimbursement. Receipts are required for such expenses.

M. Reimbursement/Reporting of Travel Expenses

Travel expense reports shall be submitted within sixty (60) days after incurring the expense and no later than thirty (30) days following the fiscal year, and the

reports shall be accompanied by the required itemized receipts documenting each expense. Such documentation includes, but is not limited to:

1. Credit card slip or meal receipts
2. Hotel receipt
3. Conference brochure
4. Meeting agenda
5. Trip or meeting purpose
6. Other attendees at a meal or meeting

Receipts for travel reporting travel expenses must:

- a. Original itemized receipts are required for reimbursements except for meals and incidentals reimbursed on a per diem basis.
- b. Paper receipts smaller than an 8.5” by 11” piece of paper, must be taped to letter sized paper prior to submission for reimbursement. Electronic receipts are acceptable, provided they are legible and include all necessary details to substantiate the expense.
- c. If a receipt is lost or is not available, the traveler may submit a “substitute receipt” consisting of a signed and dated memo detailing the expense, the business purpose, the date, the amount, the vendor, and the location.

Board Members or staff shall submit reimbursement for any and all personal expenses that were charged to their corporate credit card or directly paid by LOSSAN to the vendor (if applicable). The reimbursement for personal expenses shall accompany the expense reports.

Any reimbursements issued directly to an employee for business-related expenses must be remitted to the organization if the corresponding expense was later refunded or otherwise not incurred. Employees are responsible for promptly notifying LOSSAN and returning any overpayments or duplicate reimbursements.

A Board Member or staff member shall not be required to submit an expense report for any expense paid directly by another Board Member or staff member. A Board Member or staff member who pays a LOSSAN expense on behalf of a Board Member or staff member, either by use of a corporate credit card (if applicable) or by any other means for which reimbursement is sought, shall submit an expense report indicating the name of the recipient Board Member or staff member and the nature, amount, and business purpose of the expenditure. A copy of the expense report shall be provided to the recipient Board Member or staff member within thirty (30) days following the date such expense is incurred.

The LOSSAN Chief Finance Officer shall review all travel expense reports to ensure compliance with the Travel, Conference, and Business Expense Policy.

All documentation relating to reimbursable LOSSAN expenditures shall be subject to disclosure under the California Public Records Act.

N. Unauthorized Travel Expense Reimbursement

1. Alcohol
2. The personal portion of any trip.
3. Expenditures deemed lavish or extravagant by the approving authority based on the facts and circumstances.
4. Expenditures that are contrary to any policy, statute, contract, or regulation applicable to LOSSAN.
5. Family expenditures, including partner's expenses, as well as children or pet-related expenses.
6. Non-mileage personal automobile expenses, including repairs, traffic citations, insurance, or gasoline.
7. Personal losses incurred while on LOSSAN business.
8. Political or charitable contributions.

O. Exceptions

The Executive Committee or the Managing Director shall approve any exceptions to this policy.

P. Business Meals

Board Members and staff who, during the normal course of performing their duties, must provide meals for representatives of other governmental agencies or other persons doing business with LOSSAN in order to effectively execute their responsibilities are authorized to be reimbursed for the actual expense of meals in addition to the per diem, but must use prudent judgment, and excessive amounts are subject to disallowance. Receipts are required. In such cases, the meal must be documented with a description of the purpose of the meal, including an explanation of its necessity to LOSSAN, and a list of all persons, including other Board Members or staff who were in attendance, specifying their organization and/or title.