



## STAFF REPORT

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**DATE:** August 23, 2021  
**TO:** Sacramento Regional Transit Board of Directors  
**FROM:** Olga Sanchez-Ochoa, General Counsel  
**SUBJ:** AMENDING AND RESTATING TITLE VIII OF THE ADMINISTRATIVE CODE PERTAINING TO EMPLOYEE AND DIRECTOR EXPENSE REIMBURSEMENT AND DIRECTOR COMPENSATION

### RECOMMENDATION

Adopt the Attached Resolution.

### RESULT OF RECOMMENDED ACTION

The recommended action would (a) redefine what constitutes a “coach class” fare to better reflect the current airline trends and allows employees and directors to book one of a variety of new subcategories offered within what was the traditional “coach class”; and (b) modify the lodging reimbursement to allow for reimbursement at the “best available rate” rather than “single occupancy rate,” also to better reflect current lodging trends.

### FISCAL IMPACT

Because the amended and restated Administrative Code would permit employees and directors to select a higher (and potentially more expensive) subclass of airline ticket beyond basic economy, SacRT may incur slightly higher costs for travel in the future. These costs are difficult to quantify due to the uncertainty regarding how often employees will travel by air and how many employees may opt for higher-priced fare sub-categories.

### DISCUSSION

Prior to 2019, Title VIII of the Administrative Code required employees to purchase the “lowest available fare” for airline travel. In 2019, the Administrative Code was updated to allow employee and directors who travel to have flexibility with their reimbursements when selecting flights to best fit their schedules and SacRT’s business needs even if not the lowest-priced. In addition, the Administrative Code was amended to allow for reimbursement for now-customary airline fees such as seat selection and checked bags. The 2019 policy still required employees to purchase a “coach” fare, with no language provided for the process for reimbursement for a lower amount when employees or directors book a higher-class fare on their own.

As air travel options continue to evolve, the term “coach” has lost a clear and unambiguous meaning, with airlines now further dividing the prior “coach” class into additional categories such as “Basic Economy,” “Economy Light,” “Economy”, “Premium

Economy” or “Business Select” (a Southwest-specific term providing no traditional “Business Class” amenities) or an equivalent category with a different name depending on the carrier. These various categories can affect the location and characteristics of seating on the plane, the ability to obtain ticket refunds, and the ability to select seats or included checked bags without separate fees. Depending on the airline, the additional cost of paying for these features when booking the lowest economy fare may even result in a higher total cost than just booking a higher fare category.

These new categories are not what was historically referred to “Business Class” or “First-Class” category with a significantly higher cost and “perks”; they are fare categories higher than the lowest economy fare, with minor additional features such as seat selection, slightly larger seats, baggage allowance, and the ability to refund the flights. Refunding flights is very important in this COVID environment.

Staff is proposing three changes to the Administrative Code, two related to air travel and one related to lodging:

- (1) Allowing employees to select and be reimbursed for any “Economy” class fare, which will be defined to include the additional subcategories set out above, including the higher-cost “Premium Economy” or “Business Select” subcategories;
- (2) Providing that, if an employee or director books a Business Class or First-Class fare on their own, they will now be eligible for reimbursement for an amount equal to what it would have cost to book an eligible “Economy” class ticket, defined to include the additional subcategories set out above, on the same flight, if sufficient documentation is provided.
- (3) The existing language related to lodging limits reimbursement to the “single occupancy” rate, which is not reflective of current lodging trends (which are generally based on a default of double occupancy. Language would be retained that requires employees and directors to pay the differential for a more expensive room type or for additional charges related to non-employee/director guests.

Staff recommends that the Board adopt the Amended and Restated Title VIII.

RESOLUTION NO. 21-08-0102

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

August 23, 2021

**AMENDING AND RESTATING TITLE VIII OF THE ADMINISTRATIVE CODE  
PERTAINING TO EMPLOYEE AND DIRECTOR EXPENSE REIMBURSEMENT AND  
DIRECTOR COMPENSATION**

WHEREAS, *California Public Utilities Code Section 102121* authorizes this Board to establish rules for the management of Sacramento Regional Transit (SacRT); and

WHEREAS, *California Public Utilities Code Section 99156* authorizes transit districts to provide director compensation and reimburse director expenses when a director is engaged in SacRT business if such compensation/expenses are approved in advance by the transit district's governing board; and

WHEREAS, by Resolution No. 97-01-2764, adopted on January 13, 1997, this Board adopted Chapters 1 through 6 of Title VIII of the SacRT Administrative Code setting out SacRT's policy for expense reimbursement and director compensation; and

WHEREAS, Title VIII was subsequently amended by Resolution No. 00-06-0157, Resolution No. 06-01-0017; and

WHEREAS, Title VIII was subsequently amended and restated by Resolution 19-08-0095; and

WHEREAS, this Board desires to again amend and restate Title VIII to modify the Administrative Code to authorize SacRT employees and directors to purchase and obtain reimbursement for the economy fare option that provides the most economical and practical fare, with consideration of all relevant factors, and provide a mechanism for employees and directors to be reimbursed for a portion of the cost of purchasing a Business Class or First-Class fare option.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, Resolution No. 19-08-0095 is hereby repealed.

THAT, Title VIII of the SacRT Administrative Code shall read as follows:

**TITLE VIII – EMPLOYEE AND DIRECTOR EXPENSE REIMBURSEMENT AND  
DIRECTOR COMPENSATION**

**CHAPTER 1**

**INTRODUCTION**

**§8.111      Purpose**

This Title sets forth the terms and conditions under which: (a) a member of the SacRT Board (hereinafter director) and SacRT employees receive reimbursement for actual, reasonable and necessary expenses incurred during travel on SacRT business.; and (b) a director may receive compensation for attendance at SacRT meetings.

**§8.112      Scope**

These procedures and policies are applicable to all officers and employees of SacRT. For employees represented by the Amalgamated Transit Union Local 256 or the International Brotherhood of Electrical Workers Local 1245, the expense reimbursement provisions agreed upon in the current contract will supersede the policies enumerated herewith.

**§8.113      Discretionary Authority**

The General Manager/CEO, or acting equivalent in his/her absence, may exercise discretionary authority and approve SacRT expenses not covered in this policy. These expenses must be substantiated with necessary explanatory documentation.

## **CHAPTER 2**

### **REIMBURSABLE EXPENDITURES**

#### **§8.211 Ground Transportation**

- a. Business use of a personal automobile is reimbursable at the same rate-per-mile as allowed by the Internal Revenue Service.
- b. Costs of taxicabs, airport limousine services and public transit necessary to reach destinations required for SacRT business are reimbursable if supported by receipts.
- c. Automobile rentals, when other forms of ground transportation are not reasonably convenient, will be reimbursed at actual cost, if supported by a receipt. SacRT employees and directors should request government or group discounts for automobile rentals, whenever such rates are available. Authorization for automobile rentals must be secured in advance from the General Manager/CEO or Director of Finance/Treasury by using Form RT205 (Authorization for Rental of Vehicle). Car rentals made on an emergency basis will be considered for reimbursement by the General Manager/CEO on a case-by-case basis.
- d. Automobile parking fees are reimbursable at actual cost if supported by receipts.
- e. Bridge and highway tolls are reimbursable at actual cost if supported by a receipt.

#### **§8.212 Travel on Common Carriers**

- a. If SacRT has a travel agency under contract, all reservations for intercity travel by common carriers (airplane, intercity bus, and rail) will be made through such agency. If SacRT does not have a travel agency under contract, employees and directors may independently reserve intercity travel using either their own credit card or a Procurement Credit Card. In general, intercity travel of more than 100 miles should be by airplane, and intercity travel of less than 100 miles should be by automobile, bus or rail. Subject to the exception noted below, any individual or entity booking travel for a SacRT employee or director (either directly or through an intermediary – e.g., another SacRT employee using an agency credit card or through a travel agency) must purchase the most economical and practical Economy class fare, taking into consideration convenience factors such as refundability, passenger comfort, travel time, and fees for seat selection and checked baggage, if such baggage is needed based on the duration and function of the trip, whether fees for such benefits are included in the fare type or imposed as a surcharge. Employees or directors will receive reimbursement for the full cost of an Economy class fare meeting these requirements, including surcharges or convenience fees.

For purposes of this Administrative Code, "Economy" class is defined to include: basic economy, economy light, premium economy, business select (for Southwest only) or equivalent.

Individuals or entities booking intercity travel for SacRT employees and directors should seek government or group rates, where such rates are available and consider those rates in determining the most practical and economical option.

SacRT employees and directors who choose to purchase Business or First Class fare may be reimbursed up to eligible Economy class fare, inclusive of any accompanying fees and surcharges that would have been added to provide the most economical and practical Economy fare, on the condition that adequate, verifiable, contemporaneous documentation is provided that substantiates what the Economy class fare would have been if selected. If adequate documentation is not provided, SacRT may deny any reimbursement for the air travel; therefore, it is recommended that the employee or director request verification of the adequacy of the documentation in advance of any purchase. In no event will SacRT reimburse or authorize payment for an amount greater than the authorized Economy class fare when the employee or director chooses to purchase a Business Class or First-Class fare option.

- b. For in-state travel, employees will be allowed a maximum of one-half day of paid time for travel in each direction. For out-of-state travel within North America, the maximum paid time allowed is one day in each direction. Should the employee elect to travel by a slower mode of transportation, or make stops in route that would exceed these limits, the additional time must be taken as vacation or floating holiday.
- c. If employees elect to extend their stay one or two weekend days in order to secure a lower airfare, they will be entitled to reimbursement for food and lodging costs during the weekend only if the difference in airfare between the lowest weekly rate and the lower weekend rate is more than the additional food and lodging costs, and extending their stay would not invalidate the government lodging rate.

## **§8.213      Lodging**

- a. Lodging is reimbursed at the best available rate. If the director or employee selects a more expensive room type or is required to pay for an additional room guest/s (e.g., if spouse or family members accompany employee), it is the responsibility of the director or employee to pay for such additional costs.
- b. SacRT's authorized travel agency will request government rates for lodging, where available. It is the responsibility of the employee to present his/her SacRT identification to the desk clerk at the time of registration to obtain the government rate for lodging.

## **§8.214      Meals**

Business related meals will be reimbursed when it is necessary for a director or employee to travel on SacRT business or to conduct official business during a meal in accordance with the following guidelines:

- a. The meal involves SacRT business under circumstances that the director's or employee's usual meal arrangements are disrupted; and
- b. The circumstances are such that it is impracticable to complete the business during normal working hours, or the meal expense is incurred while the employee is away from the District on SacRT business.
- c. Reimbursement for a meal will be for the amount of the meal receipt, plus tip, up to the maximum amount allowed therefore in accordance with the Federal per diem rate method established by the U.S. Department of Treasury, Internal Revenue Service, under Publication 1542 or any successor publication, and as published by the General Services Administration.
- d. If receipts are not available, meals may be reimbursed on a per-diem basis in accordance with the Federal per diem rate method established by the U.S. Department of Treasury, Internal Revenue Service, under Publication 1542 or any successor publication, and as published by the General Services Administration. Per diem, for the day of travel departure and the last day of travel, is allowed at 75 percent of the applicable Federal per diem rate. Per diem for more than 12 hours of travel but less than 24 hours is also allowed at 75 percent of the applicable Federal per diem rate. Per diem for full days of travel are allowed at 100 percent of the applicable per diem rate. A director or employees is not entitled to per diem for meals which are supplied by common carriers or are included in conference fees or prepaid banquet or complimentary services.

## **§8.215      Award Events**

Meals provided to employees and their spouses at SacRT-sponsored events to present awards or otherwise recognize employees for their work are exempt from the restrictions set forth in §8.214.

## **§8.216      Other Business Expenses**

- a. The General Manager/CEO, employees at the position of manager or higher, or employees designated by the General Manager/CEO are authorized to be reimbursed for the costs of their meal and the meal of officials or employees of transit agencies, or agencies or companies which transact business with SacRT, if the purpose of the meal was business-related. Such business-related meals are exempt from the restrictions set forth in Section 8.214. Claims for reimbursement must be supported by receipts. Claims by the General Manager/CEO are subject to review and approval by the Chair of the Board. Claims by other employees are subject to review and approval by the General Manager/CEO. The General Manager/CEO may issue Standard Operating Procedures to establish guidelines for reimbursement of

meals with non-SacRT officials or employees. The reimbursement claim for business-related meals must include the following information:

1. Date.
  2. Type of Expenditure (e.g., lunch, dinner, etc.).
  3. Business Purpose.
  4. Identification of persons for whom expenditures were incurred (e.g., name, agency, position).
- b. Communications costs, including telephone, telegraph, postage, and facsimile charges in connection with SacRT business will be reimbursed.
- c. During extended travel (one night or more away from home), personal telephone calls will be reimbursed up to one call per day and not to exceed a maximum amount of five dollars (\$5.00) per call.

**§8.217 Conference and Registration Fees**

The full cost of conference registration fees where the conference relates to transit management or other SacRT business matters will be reimbursed.

**§8.218 Baggage Handling, Tips and Incidental Expenses**

When included on the final travel claim, five dollars (\$5.00) per travel day will be allowed, without receipts, to cover baggage handling, tips, and incidental expenses. Incidental expenses include laundry and personal telephone calls.



## CHAPTER 3

### **NON-REIMBURSABLE EXPENSES**

#### **§8.311 Non-Reimbursable Expenses**

All costs not specifically identified in this Title as reimbursable to SacRT non-contract employees and Board members are to be disallowed, including but not limited to the following:

- a. Flowers and gifts given, for non-business (personal purposes or reasons), to employees, retirees, Board members, and/or members of the families of any of these persons.
- b. Initiation fees and periodic membership dues in social or business clubs, airlines "high mileage" clubs, etc.
- c. Travel expenses for an employee's spouse or child.
- d. Discretionary personal expenditures not incidental to SacRT business (examples: personal entertainment, newspapers, magazines, haircuts, etc.).
- e. Extra expenses at home while employee travels (examples: care of dependents or pets, residence caretaker service, etc.).
- f. Personal travel and accident insurance.
- g. Medical costs while on SacRT business travel (above normal insurance coverage).
- h. Alcoholic beverages whether or not they accompany a meal.
- i. Any other cost not directly incidental to SacRT business.

## **CHAPTER 4**

### **TRAINING AND PROFESSIONAL ORGANIZATIONS**

#### **§8.412 Professional Associations and Organizations**

Membership dues in professional organizations to which SacRT employees must belong in order to practice in their profession will be reimbursed to the employees, or paid directly. If membership dues for other professional organizations are separately itemized in the adopted Budget, those dues will also be a reimbursable expense.

## CHAPTER 5

### RECEIPTS, ADVANCES AND REPORTS

#### **§8.511**     **Receipts**

- a. Receipts must be submitted for every item of expense except as follows:
  1. Street car, ferry, bridge tolls, or other public transit.
  2. Personal meal expenses, unless they are business-related meals as set forth in Section 8.214.
  3. Unvouchered meal reimbursements are governed by Section 8.214.
- b. If receipts are lost or cannot be obtained, a statement to that effect must be made under penalty of perjury and the reason given. In the absence of a satisfactory explanation, the amount will not be allowed.
- c. Notwithstanding sub-sections (a) and (b), all expenses claimed by directors must be supported by a receipt. In the absence of a receipt, the expense will not be reimbursed.
- d. All receipts must be the originals.

#### **§8.512**     **Travel Advances**

- a. A travel advance may be requested for 90% of projected costs. The request should be submitted a minimum of 5 working days prior to the beginning of travel.
- b. Submission of expense report to settle the advance must be made within one week following the end of travel. Any net travel advances which have not been properly documented within 30 days of return of travel will be deducted from the employee's paycheck in order to prevent the travel advance from becoming part of the employee's gross wages under Internal Revenue Service rules.
- c. Only one outstanding travel advance is allowed at any one time. Additional requests will be denied until any prior advances have been settled with the Accounting Department.

#### **§8.513**     **Expense Report**

- a. No travel expense will be eligible for payment unless submitted upon a properly completed SacRT Form RT200.
- b. Each expense must be itemized.
- c. It is the responsibility of the officer approving the claim to ascertain the necessity and reasonableness of the expense for which reimbursement is being claimed. Furthermore, the claim will be rejected by the Accounting Department if the item is not an allowable SacRT expense.
- d. Inclusive dates of each trip must be shown.

- e. When claiming mileage reimbursement, an attachment must accompany the report itemizing each trip with "to and from" descriptions and miles. The total must then be reported on SacRT Expense Report Form RT200.
- f. A director or employee must state the purpose or objective of each trip for which reimbursement is claimed.
- g. Expense Reports must be signed and approved by the Department Manager or Division Head. The General Manager/CEO's expense report must be signed by the Chair of the Board. Expense Reports for the Division Heads and General Counsel must be signed by the General Manager/CEO. Expense Report for directors must be reviewed and signed by the Chief Financial Officer.
- h. Reports involving expense reimbursement are due within 30 days after the last day of travel. Any expense report filed after 30 days will not be reimbursed unless the person reviewing the expense report makes a determination that the director or employee was unable to file the report within the 30-day period due to extreme and unusual circumstances.

## **CHAPTER 6**

### **DIRECTOR COMPENSATION FOR ATTENDANCE AT MEETINGS**

#### **§8.611 Compensation**

A director is eligible to receive compensation from SacRT for attending board meetings as provided under Section 8.612. A director will be paid \$100 for each noticed board meeting that he or she attends which is compensable under Section 8.612, but not to exceed 4 noticed board meetings per month. The amount of compensation per board meeting is \$200 if the meeting location is distant. A meeting location is distant if the distance between the SacRT Administrative Headquarters and the meeting location is more than 40 miles measured by the shortest automobile route between those two points.

#### **§8.612 Eligibility**

A director, including a director's alternate, is eligible to receive compensation when he or she serves on a board of another public agency or non-profit corporation only if:

- a. The public agency or non-profit corporation does not compensate its directors for board meeting attendance other than to reimburse a director's actual and necessary expenses for attending the meeting; and
- b. The SacRT Board is authorized to make appointments to the board of the public agency or non-profit corporation pursuant to the organizing documents of such agency or corporation; and
- c. The director was appointed by the SacRT Board to serve as a member of the board of the public agency or non-profit corporation; and
- d. The director is a member of the SacRT Board at the time of his or her service on the board of the public agency or non-profit corporation; and
- e. The public agency or non-profit corporation was designated by the SacRT Board pursuant to Section 8.613 at the time of the director's service on the board of the public agency or non-profit corporation.

#### **§8.613 Designated Boards**

The SacRT Board may adopt a resolution designating those public agency or non-profit corporation boards for which meeting attendance is compensable under this chapter.

#### **§8.614 Board Attendance Report**

A director who is eligible under this Chapter to be compensated for attending board meetings of another public agency or non-profit corporation must use an SacRT form to record the name of the entity and the date of each board meeting the director attends. The form must be filed monthly with the Chair of the SacRT Board and must record those compensable meetings attended during the preceding month. In addition, at the first

regular meeting of the SacRT Board following attendance at a meeting of the other public entity, the director must give a brief report of what occurred at the board meeting of the other public entity. The Chair of the SacRT Board will review and forward the completed forms to the SacRT General Manager/CEO for processing once the Chair has determined that the required report was given for each meeting claimed. Any compensation form submitted by the Chair under this section will be reviewed by the Vice Chair. SacRT will pay a director for such board meeting attendance using the same payment procedures established for compensating a director for SacRT Board meeting attendance.

**§8.615      SACRT Board Meetings**

Nothing in this chapter may be construed to change or alter in any way the amount of compensation specified in Public Utilities Code Section 102106 for directors who attend SacRT Board meetings or the method of that payment.

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STEVE MILLER, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Tabetha Smith, Assistant Secretary