

Organizational Policy

Travel/Meal/Refreshment Expense Reimbursement

Purpose

The Minnesota Constitution and various Minnesota appellate court cases require the City of Rochester and all other government entities to spend public funds consistent with the “Public Purpose Doctrine.”

The “Public Purpose Doctrine” permits a governmental entity to expend public funds if the primary purpose is related to the operational activities of the City, will benefit the community as a whole, and does not primarily benefit a private interest. This policy provides authorization to expend public funds for certain organizational activities pertaining to employee development, employee/council member overnight travel, the recruitment and selection process, community outreach, payment of work-related expenses (lodging and meal expense) and other miscellaneous public purpose expenditures related to the operation and function of the city.

The City of Rochester adopts this policy addressing travel, meal, and refreshment expense so as to comply with the Public Purpose Doctrine.

Prior Approval

Out-of-state travel by the Mayor or City Council members must be for the purpose of official City business and requires pre-approval action by the Council even when such travel expenses were documented in the annual budget. Out-of-state travel for the National League of Cities, Conference of Mayors, and Urban Land Institute are considered to be pre-approved items contingent upon funding in the adopted budget.

Business travel by all other City employees and eligible job applicants shall receive prior supervisory approval (by the City Administrator for Department Heads; by a Department Head, or his/her designee as appropriate for all others).

City employees are first required to use a City purchasing card when purchasing travel tickets, lodging accommodations, meals, etc. If an employee cannot use a City purchasing card for reasons beyond their control, the employee shall receive prior supervisory approval.

Advance for Expenses/Employees Only

An advance (minimum amount is \$100.00) for expected lodging, meals and related costs may be requested by the employee to Finance by completing a voucher with an attached “Advance Expense Allowance Request” signed by the appropriate supervisor.

This section of the policy does not apply to job candidates; they may only be reimbursed for actual expenses incurred as part of the interview process.

Overnight Travel Expense Reimbursement – Transportation, Lodging, Misc.

Receipts are generally required for all travel costs including shuttle service or taxi fare, parking ramp fees, lodging and program materials. Receipts are not required for the travel costs of highway tolls or other incidentals where it is similarly difficult to obtain a receipt. Meals and incidentals are addressed separately below.

Transportation

Airfare: If airline travel is utilized, the City will pay the cost of a round-trip coach airline fare. Any benefits received from airline frequent flyer programs or other airline travel credit programs must be consistent with Minnesota State Law. A copy of the ticket receipt is required for reimbursement. Please reference the “Requirements to use Rochester International Airport” section below for additional requirements for air travel.

Rental Vehicles: A copy of all vehicle rental documents is required. The cost of renting a vehicle at the employee’s travel destination will only be covered up to the amount of the cost for a round-trip airport shuttle or taxi fare to the employee’s lodging plus the cost of taxi fare from/to the hotel, to/from the training facility, or other work-related venues. When applicable, employees must accept the car rental agency’s insurance coverage (if offered) as the City’s liability coverage cannot be utilized if this option is waived.

Personal Vehicle Use: If the employee’s personal vehicle is driven, mileage reimbursement is paid at the mileage rate that equals and does not exceed the Federal standard mileage rate established by the Internal Revenue Service (IRS). Reimbursement for use and parking charges of a personal vehicle cannot exceed the cost of taking commercial air transportation to the destination plus the cost of local transportation fees. If an employee chooses to drive a personal vehicle, travel by train, or travel by other means to the business destination rather than utilizing airline travel, they must receive supervisor approval and they must use vacation time for hours beyond one business day (8 hours) of travel time to the destination and one business day of travel time (8 hours) to return to Rochester.

Lodging

The City will reimburse for the standard room rate at conference hotels; room upgrades (i.e. suites) will not be reimbursable, unless no standard rooms are available or only those rooms at the hotel offer assistance requirements for various accommodation needs. If there is an incremental nightly charge by the hotel for additional non-City travelers, that charge must be covered or reimbursed by the employee.

Reasonable internet access and service charges related to City business will be reimbursed.

If an extended stay ensures a less expensive airline fare, the employee may request approval for an extra night(s) of lodging and meal expenses as long as the savings on

the airfare is more than the extra cost for lodging and meal expenses.

The City does not reimburse airline or in-room movie charges; cost of personal reading materials; or expenses related to a non-City employee accompanying the employee. All costs related to spouse or other guest travel must be fully covered by the employee.

Staying with a friend or relative is not a reimbursable expense. An employee, traveling on behalf of the City and choosing to stay with a friend or relative, at or near their business destination, may not request lodging expense reimbursement.

No receipts are required for related lodging gratuities, such as baggage handling or maid service, of generally accepted (reasonable) amounts.

Travel Expense Reimbursement – Meals and Incidental Expenses(M&IE)

When employees are not traveling out of town, meal expenses will only be reimbursed as noted in the Non-travel Food and Beverage Reimbursements Section below. For overnight, business-related travel, the City will allow two methods for employees to be reimbursed for meals and incidental travel expenses. A Travel Reimbursement Form must be submitted to receive reimbursement.

Subject to department head approval, for each entire travel event, employees must choose from one of the following reimbursement methods:

- Per Diem rate for meals and incidental expenses by IRS-designated high-cost/low-cost city of travel, OR
- Detailed receipts are required for actual costs up to the maximum daily limit

Under IRS rules, tax-free reimbursements for meal expenses can be made only for out-of-town trips that involve an overnight stay. See *Non-Travel Food/Beverage Reimbursement Section* for business meal expenses or travel not involving an overnight stay.

IRS Per Diem Rate Method for High Cost/Low-Cost Cities

An employee may choose reimbursement for meals and incidental expenses under the IRS Per Diem rate in existence at the time of travel. No receipts are required under this method because the IRS reasonably assumes that this limited amount was spent on meals and incidental expenses. Employees will receive reimbursement no more than as follows:

- a. For travel to the IRS-designated “high-cost cities”.
- b. For travel to all other cities.
- c. Per IRS regulations, a maximum of 75 percent of the appropriate IRS-posted rates is allowed for the days of travel that includes the departure date and the last day of travel
- d. Substantiation of expense under this method requires only documentation of dates and location of travel.

Substantiated Actual Cost Up to Daily Limit Method

After the travel has occurred, receipts are required to be submitted for meal costs (restaurant or room service meal charges) incurred up to \$100.00 (including gratuity) for each full day of travel for breakfast, lunch and dinner. Gratuity includes either the fixed amount determined by the restaurant, or an appropriate amount up to a maximum of 20%. The City does not reimburse the cost of any alcoholic beverages. The \$100.00 limit for meal costs may be adjusted periodically by the City Administrator in accordance with Internal Revenue Service (IRS) regulations on employer accountable travel expense plans.

The \$100.00 daily limit will be reduced if any of the following apply:

- The travel consumes only a portion of a given day (e.g., covers only lunch and dinner)
- Meal(s) are included and provided in the conference registration fee except when the provided meal does not meet an employee's dietary restrictions. In these cases, the employee should provide a brief explanation when submitting for reimbursement.
- A meal or meals during travel qualify as a “business meal” expenditure under *Business Meal Expense Reimbursement* and is reimbursed through that method.

For those meals determined to be ineligible for reimbursement, the \$100.00 daily limit will be reduced by the appropriate amounts listed below:

Breakfast	\$20.00
Lunch	\$25.00
Dinner	\$55.00

The spending limit is subject to change administratively on a periodic basis according to changes in the CPI index that have occurred since adoption of this policy.

Non-Travel Food/Beverage Reimbursement

The City will pay reasonable and/or necessary food and non-alcoholic refreshment expenses when:

1. The cost of a meal or refreshments is part of a structured agenda of an external conference, workshop, seminar, or meeting, and the employee is authorized to attend such event and the event topics relate to the official business of the City; or
2. A meeting is scheduled at a restaurant or dining establishment where the official participants (not including other guests or spouses) conduct City business
3. Refreshments are part of a department-sponsored meeting, conference or workshop and the majority of the participants are not City employees; or
4. Refreshments/meals are part of a job candidate interview meeting; or
5. The cost of refreshments, meals and other conference costs are part of a

department-sponsored event, registration fees are charged, and the majority of the participants are not City employees; or

6. The cost of refreshments or meals are part of a formal meeting that consists primarily of City employees when the refreshments or meals are an integral part of the formal meeting and are necessary to sustain the flow of the meeting, to retain the captive audience, and to assist the participation of those employees and attendees, but only if the meeting is one of the following:
 - a) A department-wide annual or quarterly staff meeting of all its employees. The total cost shall not exceed \$20 per budgeted full-time employee per quarter, established by the Finance Department during the budget process. Expenditures exceeding this budgeted allotment shall require prior written approval of the City Administrator describing the event and the public purpose;
 - b) A department meeting scheduled over the lunch hour because there is no alternative time available during the workday;
 - c) A departmental senior management meeting;
 - d) A departmental staff meeting scheduled over the lunch hour (due to other schedule conflicts) for the purpose of discussing organizational business;
 - e) A department-wide annual or quarterly staff meeting for all managers; or
 - f) A structured training session, available to employees generally, but only if the training has been approved by the Department Head.

Except for structured training sessions, the meetings described above shall be held no more frequently than once each quarter. All meetings shall be scheduled to minimize inclusion of meals.

7. Refreshments or meals are provided during official meetings of the City Council or official meetings of City Council committees, City Charter Boards, task forces, work groups or advisory committees, provided the provision of refreshments or meals is necessary to sustain the flow of the meeting and to assist the participation of the attendees.
8. Refreshments or meal expenses incurred as part of a labor relations event (i.e. mediation session, arbitration hearings, preparation meetings, lengthy negotiation session, etc.).
9. Refreshments or meal expenses incurred as part of an unplanned emergency management or an extraordinary business event.

Community Outreach

With the approval of the City Administrator or a Charter Board, the City may pay reasonable expenses related to community and customer outreach and similar activities when the expenses are necessary to ensure the efficient operation of its governmental activities, or promote the availability and coordinated use of the services provided by the City to its residents, or which improve or promote the health, welfare and prosperity of its citizens.

Reimbursement Procedure

All expenses shall be submitted for reimbursement within 30 days for all travel and non-travel related expenses.

The Non-Travel Food/Beverage Reimbursement Form must be completed by the employee seeking reimbursement within 30 days of the event and signed by his/her supervisor. The form will provide information for Finance staff to calculate the reimbursement incurred for the meal and gratuity expense of up to 20 percent or a fixed gratuity amount. Meal receipts and substantiating information, including the names of business meeting participants, reason for the meeting, and receipt(s) must be attached to this form.

If the employee received a travel advance and travel-related expenses were more than the advance, the employee will receive a check for the difference. If the employee's advance was greater than actual expenses, the employee should submit a check payable to the City of Rochester for the difference.

In the event an employee is unable to complete the business trip for unavoidable and/or emergency reasons and has already incurred registration cost, hotel expense, or other related expense(s), the City Administrator or designee may approve the expense reimbursement if a letter explaining why the travel could not take place is submitted along with the expense reimbursement request.

In the event an employee is unable to provide a detailed receipt for a reimbursable expense, a Lost Receipt Form must be completed and submitted. This form will only be accepted once per year, per employee.

Job Candidates

In an effort to support the recruitment efforts of the City of Rochester, job candidates may be reimbursed for related travel expenses. To qualify for this reimbursement, candidates must travel from outside a 100-mile radius of the City and have been invited to interview for an exempt-level position vacancy. Should circumstances warrant such, an exception may be granted for a non-exempt candidate with the prior approval of the City Administrator and the Director of Human Resources.

Candidate expenses will be charged to the hiring department and may include: mileage incurred using a personal vehicle, airfare at the economy or coach rate, shuttle fares, taxi fares, parking fees, hotel/lodging expense (providing the accommodations are made by the City) and miscellaneous tips paid for service rendered. The procedures and supporting documentation for reimbursement of candidate expenses are the same as that required for City employees.

Reimbursement checks will be mailed directly to the job candidate.

Requests for procedural exceptions related to job candidates must be approved by the Human Resource Director with the understanding that such requests are reasonable and necessary.

Requirement to Use Rochester International Airport

Rochester International Airport (RST) is an essential strategic economic asset for the City of Rochester, southeastern Minnesota, and adjacent regions of Iowa and Wisconsin. Air service is a critical element that must be integrated into regional economic development discussions such as Destination Medical Center (DMC) and Journey to Growth. National competition between communities for sustainable, reliable, and convenient air service has never been more intense. Regional businesses and community leaders must come together if they are to impact meaningful improvements in air service for the City.

The purpose of this policy is to support the use of air service at RST which works to invest in this important City resource.

If a City employee uses air transportation for travel pertaining to City business, the City employee must first explore the option of using RST as the airport for departure and arrival. If a flight through RST is available within four hours of travel time each way from those flights available through the Minneapolis/St. Paul Airport (MSP) or another local airport, and the cost of the RST flight is within \$300 of the lowest priced ticket at MSP or another local airport, the employee must fly out of and into RST. Any exception to this policy allowing the use of a non-RST flight must be authorized in advance by the City Administrator or designee. Documentation of the proposed flight and available Rochester options will be provided with the request.

Policy revisions approved by City Administrator:



Alison Zelms

08/21/2024

Date

Policy History

Current Revision: 08/2024

Previous Revision(s): 12/2005, 02/2008, 03/2010, 01/2013, 02/2015, 06/2016, 02/2019

Associated Form(s)

- Advance Expense Allowance Request
- Travel Reimbursement Form
- Non-Travel Food/Beverage Reimbursement Form
- Lost Receipt Form
- IRS Special Per Diem Rates & High-Cost Low-Cost Cities

The forms associated with this policy can be found on RW - Human Resources – Forms

Legal/Statutory Authority

- Public Purpose Expenditures