

STATE OF HAWAII DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES			PUBLIC WORKS DIVISION POLICY AND PROCEDURES		
P&P MEMO NO.	SUBJECT:				
C-28	CONSULTANTS' REIMBURSABLE TRAVEL EXPENSES: INTRA-STATE				
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1. Purpose

To promulgate a single Public Works Division (PWD) policy and procedure addressing reimbursement of intra-state travel and related expenses incurred by consultants engaged by PWD. This policy and procedure is intended to be applicable to all consultant services engaged by PWD, including new contracts and existing contracts with supplemental agreements and/or amendments executed by the consultant on or after July 1, 2025. This policy and procedure is also intended to ensure that consultant travel reimbursements are made for the most cost-effective transportation, lodging, and meal options available to each traveler, as approved by the Contracting Officer or their designee.

See also Public Works Division Policy and Procedure C-29 for guidance regarding reimbursement of required inter-state travel expenses incurred by consultants and subconsultants and their respective employees.

2. Background

2.1. As of February 14, 2025, PWD had at least two versions of contract provisions addressing, in an inconsistent manner, reimbursements made to consultants for travel expenses they incur in the performance of services on contracts with PWD. This lack of consistency has resulted in confusion among both staff and consultants as to how those controls are to be interpreted and applied, and how they are to be set forth in documentation prepared for contracts and contract amendments.

2.2. The General Conditions of HRS 103D, as set forth in form AG-008, provide:

“Any reimbursement due the CONTRACTOR for per diem and transportation expenses under this Contract shall be subject to chapter 3-123 (Cost Principles), HAR, and the following guidelines:

- a. Reimbursement for air transportation shall be for actual cost or coach class air fare, whichever is less.
- b. Reimbursement for ground transportation costs shall not exceed the actual cost of renting an intermediate-sized vehicle.
- c. Unless prior written approval of the [Head of Procurement Agency] is obtained, reimbursement for subsistence allowance (i.e., hotel and meals, etc.) shall not exceed the applicable daily authorized rates for inter-island or out-of-state travel that are set forth in the current Governor's Executive Order authorizing adjustments in salaries and benefits for state officers and employees in the executive branch who are excluded from collective bargaining coverage.”

2.3. HAR Chapter 123, Cost Principles, at section 3-123-3, Appropriate costs, states in relevant part:

“ A cost is appropriate if, in its nature or amount, it does not exceed that which would be incurred by an ordinarily prudent person in the conduct of a competitively similar business. In determining the appropriateness of a given cost, consideration shall be given to:

...

(6) The guidelines, policies, and limitations the State establishes for travel related expenses for its employees[.]”

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2.4. The State Procurement Office (SPO) has established guidelines, policies, and limitations for travel related expenses for the State's employees and reimbursement of those expenses, with those provisions set forth in a suite of forms an employee must complete related to travel undertaken on behalf of the State and at State expense. Those forms include:

- 2.4.1.SPO-30, Travel Approval Form
- 2.4.2.SPO-030, Worksheets A (Airfare), B (Per Diem), C (Lodging), and D (Ground Transportation)
- 2.4.3.SPO-031, Statement of Completed Travel

2.5. The policy and procedures set forth herein are consistent with the SPO promulgated employee guidelines, policies, and limitations, and are adapted to address the fact that consultants and subconsultants and their respective staff are not State employees.

3. Policy

- 3.1. Applicability. This policy and procedure is intended to be applicable to all consultant services engaged by PWD, including new contracts and existing contracts with supplemental agreements and/or amendments executed by the consultant on or after July 1, 2025. This policy and procedure shall apply to the prime consultant and to its subconsultants of any tier.
- 3.2. Actual costs. Reimbursement is allowed for actual travel expenses incurred, and shall not include the consultant's overhead costs including without limitation those costs related to making travel arrangements, accounting for such expenses, and other costs, nor for profit. For consultants responsible for paying Hawaii State Gross Excise Tax (GET), the amount allowed may be increased by the effective GET rate chargeable within the City and County of Honolulu applicable as of the date of the consultant's invoice.
- 3.3. Invoicing. Invoices for travel expenses shall be supported by the documents required herein (e.g., documentation of airfare quotes) and legible copies of receipts and other applicable supporting documentation from the vendor for each expense claimed; receipts should include the date, amount paid, description of purchased items/services, location, and business purpose. Invoicing for travel expenses may be presented along with invoicing for services rendered, provided the travel expenses shall be detailed separately from the services. Mark-up on direct costs is not permitted and will not be paid. When applicable, invoices shall show GET for travel expenses as a separate line item.
 - 3.3.1. Lost Receipts. If the receipt documenting an eligible travel expense is lost a copy of the credit card, debit card, or bank statement evidencing the eligible expense may be submitted as replacement documentation, provided all information except the name of the account holder and information specifically pertaining to the claimed charge shall be redacted prior to submittal.
- 3.4. Determination of home island. The home island of any consultant's staff person is the island in the State of Hawaii on which the consultant's office or the customary remote work site within the State of Hawaii to which that person is assigned is located. If a consultant maintains a Hawaii office but the affected staff person is assigned to a non-Hawaii office or a non-Hawaii remote work site, refer to Public Works Division Policy and Procedure C-29, Consultants' Reimbursable Travel Expenses: Inter-State. Refer to Exhibit A for illustrative examples.

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3.5. Customary remote work site. A person's customary remote work site is the location other than the consultant's office (including branch, adjunct, or subsidiary office(s)) from which that person reports to work for fifty percent or more of that person's work hours when not traveling.

3.6. Charging for billable time while in transit within the state of Hawaii is not permitted.

3.7. Situations Under Which Expenses May Be Allowed:

If a consultant's staff person will be traveling within the State to perform services:

1. On a PWD contract to perform services on an island that is not that person's home island, all eligible travel expenses incurred may be allowed for that contract.
2. On more than one contract (e.g., two PWD contracts, or a PWD contract and a non-PWD contract) to perform services on an island other than that person's home island, all eligible travel expenses incurred shall be apportioned as appropriate among all contracts on which services are to be performed during the duration of travel.
3. Refer to Exhibit C for illustrative examples.

3.8 Types of Expenses That May Be Allowed

a. Airfare.

1. Expense of airfare may be allowed at the rate applicable to regular economy, coach-class, or comparable fare for all flights traveled, including reasonable baggage fees. Fares or fees related to "comfort class," "business class," "first class," or any other premium class shall not be claimed. Refundable airfares and fees for guaranteed seat assignments in regular economy, coach-class or other comparable classes of airfare may be claimed.
2. Supporting documentation for invoicing shall be provided to show:
 - Travel is directly related to contracted services and made at the request of PWD.
 - At least two quotes are required, and shall be obtained on the same date and for the same class of airfare.
 - If using other than the lowest quote, written justification acceptable to the Contracting Officer or their designee is required.

b. Per diem.

1. For same-day travel (departure and return, typical for intra-state travel) a meal allowance of \$20 is provided.
2. For intra-state travel the per diem rate is \$90.00 per day, including a lodging allowance of \$50.00 per night.
3. For multi-day trips with travel days:
 - Beginning before 8:00 am local time a breakfast allowance equal to 8 percent of the applicable per diem rate, rounded to the nearest dollar, is provided.
 - Beginning before 12:00 pm local time or returning to the island of departure after 12:30 pm local time a lunch allowance equal to 12 percent of the applicable per-dem rate, rounded to the nearest dollar, is provided.
 - Ending after 7:00 pm local time a dinner allowance equal to 20 percent of the applicable per-dem rate, rounded to the nearest dollar, is provided.
4. Where meals are provided at no cost to the traveler, the following deductions should be made from the per diem rate for affected days:

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- If breakfast is provided, deduct 8 percent of the applicable per diem rate, rounded to the nearest dollar.
 - If lunch is provided, deduct 12 percent of the applicable per diem rate, rounded to the nearest dollar.
 - If dinner is provided, deduct 20 percent of the applicable per diem rate, rounded to the nearest dollar.
5. In computing per diem, for intra-state travel, the official time begins 60 minutes before the scheduled flight departure and ends upon the return to the island from which the person departed or, as appropriate, the person's home island.
 6. The allowable per diem claim shall be in terms of quarter-day periods, as shown below:

<u>Local Time</u>	<u>Depart. Date</u>	<u>Return Date</u>
12:01 am - 06:00 am	1.00 day	0.25-day
06:01 am - 12:00 pm	0.75-day	0.50-day
12:01 pm - 06:00 pm	0.50-day	0.75-day
06:01 pm - midnight	0.25-day	1.00 day

7. The schedule shown above should be used for overnight travel to calculate the quarter-day periods for both the departure date and returning date, which should be added to the intervening Full Days to arrive at the Total Days.
8. Per diem shall not be allowed for any weekend day or State-observed holiday.

b. Overnight Lodging.

1. Overnight lodging shall be directly related to the contracted services and required for PWD-requested travel.
2. At least two quotes obtained on the same date for the same number of nights and grade of accommodation are required.
3. If not using the lowest quote written justification acceptable to the Contracting Officer or their designee must be provided.
4. Intra-state Lodging Allowance: An allowance of \$50.00 per night is included in the \$90.00 per diem allowance. See b.5 below regarding excess lodging costs.
5. Lodging costs in excess of the stated allowance may be claimed with documentation to establish the need for such excess lodging costs (e.g., conference hotel for PWD-required conference attendance, reasonable proximity to work site).
6. Resort fees and similar fees that are not optional and are also charged by other lodging providers from whom quotes were obtained may be claimed.
7. Lodging may not be claimed for any non-workday.

c. Ground Transportation.

1. Use of complimentary airport/hotel shuttles is encouraged. Other forms of ground transportation may be used with justification acceptable to the Contracting Officer or their designee.
2. Intermediate-sized passenger vehicle rentals may be claimed, with at least two quotes obtained on the same date required. Four-wheel drive or other specialty vehicle rentals may be claimed with prior written approval of the Contracting Officer or their designee.

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- Refueling charges, including pre-paid refueling charges, may be claimed.
- Optional fees, such as GPS, may not be claimed.
- Optional insurance coverage, such as CDW, may not be claimed, as consultant's insurance is required to cover hired and non-hired vehicles.

3. Parking fees for self-parking only; if self-parking is not offered, actual parking fees may be claimed, with proper documentation, exclusive of gratuities.
4. Other claimable forms of ground transportation: taxi, rail, bus, metro.
5. Ride-share services (e.g., Uber, Lyft) may be used for transportation to and from hotels, airport, home, office, or worksite.
6. Ground transportation expenses incurred more than 24 hours prior to the first working day on which State contracted services were performed and/or more than 24 hours after the working day on which State contracted services were performed shall not be allowed.
7. Total ground transportation expenses claimed on any day shall not exceed the actual cost of renting an intermediate-sized passenger vehicle on that day.

d. Emergency Travel.

This policy and procedure is not intended to unreasonably constrain travel undertaken in relation to emergency conditions, including but not limited to: travel required to effect response, recovery, or management for declared federal, state, or local emergencies; travel required to respond to non-declared emergencies such as failure of a major building system at one or more facilities; and similar circumstances where the criticality and necessity of a timely response requiring consultant travel is determined by the Contracting Officer or their designee. In such conditions it is recognized that higher-than-normal costs of travel may be required; however, consultants are cautioned to be aware that such higher costs must be incurred for the minimum time required to accomplish the required tasks. For example, structural evaluation of a facility damaged by fire may require rapid and non-compliant booking of airfare and other travel expenses to deliver a consultant to the site as soon as possible after the fire is contained or extinguished; however, following performance of the on-site assessment it will be expected that return airfare and associated expenses will comply with the applicable provisions of this policy and procedure unless otherwise authorized by the Contracting Officer or their designee.

3.9 Types of Expenses Not Allowed Without Prior Written Authorization of the Contracting Officer:
Types of expenses not allowed without the prior written approval of the Contracting Officer or their designee include but are not limited to:

- a. Expenses disallowed by any section or subsection above.
- b. Tips and gratuities of any type.
- c. Optional fees.
- d. Premium fees.
- e. Change fees and other penalties, unless clearly shown to be due to State requirements.
- f. Alcoholic beverages.
- g. Food and/or beverages other than those accompanying meals.

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- h. Personal goods or services, such as laundry service, clothing, hair cutting/styling, fitness facility use, taxi for non-work-related transport, etc.
- i. Communications and data services.
- j. Entertainment.
- k. Gifts, souvenirs, and other purchases not directly related to the contracted services.
- l. Food, beverages, lodging, ground transportation, and/or airfare for any person other than the working traveler.
- m. Fees, fines, citations, bail, or similar assessments levied with regard to enforcement of laws, e.g., parking tickets.