

<b>STATE OF HAWAII DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES</b>			<b>PUBLIC WORKS DIVISION POLICY AND PROCEDURES</b>		
P&P MEMO NO.	SUBJECT:				
C-29	CONSULTANTS' REIMBURSABLE TRAVEL EXPENSES: INTER-STATE				
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**1. Purpose**

To promulgate a single Public Works Division (PWD) policy and procedure addressing reimbursement of inter-state travel and related expenses incurred by consultants engaged by PWD on behalf of DAGS. This policy and procedure is intended to be applicable to all consultant services engaged by PWD and requiring inter-state travel, 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-28 for guidance regarding reimbursement of required intra-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 their 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 and requiring inter-state travel, 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 airport. For the purpose of determining departure and arrival dates/times, the home airport of the consultant's staff person incurring the expenses for which the consultant seeks reimbursement shall be the public airport that provides regularly scheduled commercial flights and that is located closest to the consultant's office or the customary remote work site to which that staff person is assigned. 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. Billable time while in transit. If a consultant's staff perform contracted services while engaged in inter-state travel and the contract provides for the consultant to be compensated on a time-and-materials basis, work performed during transit may be invoiced subject to the following provisions:

- a. The time in transit must be greater than 90 minutes for each leg of the transit.
- b. Transit time is time actually travelling to a destination, e.g., time between actual take-off and actual landing of a flight.
- c. Time prior to actual transit (e.g., driving/riding to the airport, flight check-in, clearing TSA, waiting to board, boarding, waiting for take-off), and time after the completion of transit (e.g., waiting for checked bags, walking to ground transport, processing car rental, driving/riding to hotel/home/office) is not time in transit.
- d. The maximum billable time for each transit leg shall be not more than the scheduled transit time minus 90 minutes.
- e. Total billable time in transit may not exceed eight hours per traveler per day.
- f. Billable time may be claimed only for time falling within the affected staff person's normal working day expressed in the time zone from which that person is departing.
- g. Refer to Exhibit B for illustrative examples.

3.7 Situations Under Which Expenses May Be Allowed:

- a. Travel to or from one or more destinations outside the State of Hawaii. If a consultant's staff person is required to engage in inter-state travel to perform services:
  1. Solely on a single PWD contract, all eligible travel expenses may be allowed for that contract.
  2. For more than one PWD contract or a combination of PWD and non-PWD contracts for which services will be performed at a single destination, airfare shall be apportioned appropriately among all the contracts on which services were performed, and other travel expenses (e.g., meals and accommodation) shall be apportioned among the contracts as appropriate to the dates on which services on each contract were performed.
  3. For more than one PWD contract or a combination of PWD and non-PWD contracts at multiple destinations, airfare to all destinations for which services were performed on PWD contracts shall be apportioned appropriately among all the contracts (PWD and non-PWD) on which services were performed, and other travel expenses (e.g., meals and accommodation) shall be apportioned among the contracts as appropriate to the dates on which services on each contract were performed; provided that airfare to or from, and other travel expenses incurred at, a destination at which no services will be performed on any PWD contract shall not be allowed.
  4. Refer to Exhibit D 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

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related to "comfort class," "business class," "first class," or any other premium class shall not be claimed. To enable scheduling flexibility, the allowed airfare may include the ability to make schedule changes without additional charge.

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, each from a different source, obtained within the same 8-hour workday using the same parameters.
  - If using other than the lowest quote, written justification acceptable to the Contracting Officer or their designee is required.
- b. Per diem.
  1. For inter-state travel the per diem rate is \$145.00 per day, which includes a lodging allowance of \$85 per night.
  2. For transit 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 11:59am local time or arriving at an intermediate or final destination after 12:30 pm local time a lunch allowance equal to 12 percent of the applicable per diem 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-diem rate, rounded to the nearest dollar, is provided.
  3. Where meals are provided at no cost to the traveler, the following deductions should be made from the per diem rate for affected days, provided that food furnished by an air carrier at no additional charge to the traveler shall not be considered a meal:
    - 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.
  4. In computing per diem for inter-state travel, the official time begins no later than 24 hours prior to the time the person is scheduled to be at work at the traveler's final destination (expressed in the time zone from which the traveler departs), and ends upon the person's return to the person's home airport.
  5. The allowable per-diem claim shall be in terms of quarter-day periods, as shown below:
 

Local Time	Depart. Date	Return Date
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
  6. The schedule shown above should be used to calculate the quarter-day periods for both the departure date and returning date, which should be added to the Full Days to arrive at the Total Days.
  7. Per diem shall not be allowed for any non-workday except under the following circumstances:

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- The PWD has required the presence of the consultant's staff person in Hawaii on the working days both before and after the weekend or locally observed holiday.
    - As otherwise set forth in this section.
- 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 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. Lodging Allowance: an allowance of \$85.00 per night is included in the \$145.00 per diem allowance. See b.5 below regarding lodging costs in excess of this allowance.
  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 and similar fees that are not optional and are charged by other lodging providers from whom quotes were obtained may be claimed.
  7. Lodging costs may not be claimed for any non-workday except under the following circumstances:
    - The PWD has required the presence of the consultant's staff person in Hawaii on the working days both before and after the weekend or locally observed holiday.
    - The consultant's staff arrives at their final destination 24 hours or less prior to the time at which the person is required to report to perform PWD contracted services.
- 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 equivalent quotes required. Four-wheel drive or other specialty vehicle rentals may be claimed with prior written approval of the Contracting Officer or their designee.
    - Costs of refueling, including pre-paid refueling charges, may be claimed with supporting documentation.
    - Rental options, such as GPS, may not be claimed.
    - Optional insurance coverage, such as a Collision Damage Waiver (CDW), may not be claimed, as the 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, subway, 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 PWD contracted services were performed and/or more than 24 hours after the working day on which PWD contracted services were performed shall not be allowed.

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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.
- h. Personal goods or services, such as clothing, laundry service, hair cutting/styling, fitness facility use, 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 air fare 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.