

c. Increase to the Per Diem Rate

TRANSMITTAL MEMORANDUM

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TO: The Honorable Mayor & City Council

FROM: Delilah A. Walsh, City Manager

Initials:



DATE: November 8, 2023

File #: MGR23-597

RE: Authorizing Increase to the Per Diem Rate

The motion detailed below was prepared by the City Finance Director Michelle Johansen, at my request, to be placed before the City Council for consideration at the meeting of November 16, 2023. If adopted the motion provides for increasing the per diem rate established by the City travel policy from \$80 to \$95 effective January 1, 2024.

When developing the City's new Travel Policy (adopted October 5, 2023), I researched per diem rates and noted that the rate adopted in 2019 was much less than the federal General Services Administration (GSA) guidelines. I requested Ms. Johansen also research the rates and determine if an adjustment was needed. Her recommendation to increase the rate from \$80 to \$95 is enclosed.

Our new travel policy, #COK 1.02, Section III, states that per diem rates are set by a collective bargaining agreement or the City Council. The policy also states that when employees travel to areas wherein the federal per diem rate is below the rate set by Council (which, if approved, is \$95 per day), the lower rate will apply.

As Ms. Johansen's recommendation is for an amount that is still well below the daily GSA rates for Alaska, the recommendation recognizes the increased cost of per diem expenses, and there is minor budgetary impact, I concur with the recommendation.

Recommended Motion: Pursuant to section III of the City of Ketchikan Travel Policy, I move the City Council to approve the per diem rate to \$95.00 per day, effective January 1, 2024.

MEMORANDUM
CITY OF KETCHIKAN, ALASKA
Finance Department
Office of the Finance Director

Michelle L. Johansen, Finance Director
Meghan Traudt, Financial Analyst
Phone: (907) 228-5621
Facsimile: (907) 228-5617

TO: Delilah A. Walsh, City Manager/KPU General Manager

FROM: Michelle L. Johansen, Finance Director

DATE: November 6, 2023

SUBJECT: Travel Policy – Per Diem Rate

At the request of the City Manager the per diem rate used by City and KPU employees while traveling on City or KPU business should be adjusted in order to reflect current market conditions. Under its current travel policy, the City pays \$80 per day for meals and other incidentals. The rate was last adjusted in 2019.

Since 2019, inflation has risen at an average annual rate of approximately 4.46%. This was based on the U.S. Average CPI-U. A recent survey of the current federal per diem rates for cities that many City and KPU employees travel for business showed rates higher than the City's current per diem of \$80. A sample of the cities surveyed is listed below:

City	Per Diem
Seattle	\$ 79
Anchorage	145
Juneau	118
Ketchikan	118

In light of this information, it is recommended that the City give some consideration adjusting the current per diem rate from \$80 to \$95. Even at \$95, the proposed increase in the per diem would be below the federal per diem for the City of Anchorage. The proposed per diem would be higher than Seattle's federal per diem, but since the policy states the lower of the City's per diem rate or the federal per diem rate shall be used the City would pay a maximum of the Council approved rate. The federal per diem rates are adjusted annually and the new rates become effective on October 1, the beginning of the federal government's fiscal year.

Since the travel policy was adopted and subsequently amended by the City Council, any action to raise the per diem rate would require City Council approval.

Recommended Motion:

I move the City Council raise the per diem rate provided by the City's travel policy from \$80 to \$95, effective January 1, 2024.



Title/Subject: Travel & Training Policy

Document/Policy #: COK 1.02

Type: ☒ Council Policy ☐ CM Policy ☐ Work Rule ☐ Guideline

Effective Date: 10/06/2023

Version #: 1

Last Revision: n/a

I. PURPOSE:

The purpose of this policy is to establish rules and procedures governing travel and training expenditures and reimbursements, to establish allowable rates for compensation of travel expenses and provide guidance for appointed and elected public officials as well as City and KPU employees on official travel and/or training.

II. SCOPE

This policy is established to provide the authority for reimbursement of travel and incidental costs to all City of Ketchikan (City) and Ketchikan Public Utilities (KPU) employees, and public officials.

III. DEFINITIONS

Business Related Entertainment – reasonable expenditures for food and beverages (not including alcoholic beverages) for non-city traveler, while conducting City/KPU-related business. The purchase of such is limited to the Mayor, City/General Manager and Assistant City/General Manager or a department/division head with prior City/General Manager approval.

Day Trip - Any travel that allows the traveler to depart and return on the same day

Employee - any person who is in the employment of City/KPU whose salary is paid either completely or partially from public money.

Mileage – the rate that is paid to a public official or employee as reimbursement for expenses associated with driving a personally owned vehicle on behalf of the City/KPU on business away from home or away from their designated post of duty. This rate is updated annually every January and can be found on the City's intranet [common files](#) under [Employee Mileage Expense Reimbursement](#).

Office of the City Manager - Includes the City Manager/General Manager (CM) and Assistant City Manager/General Manager (ACM).

Official Business – business directly associated with City/KPU duties directly related to primary functions of COK/KPU government and responsibilities that includes working meetings outside City limits, training, and professional development. This does not include travel for normal job duties.

Out of State – beyond the exterior boundaries of the state of Alaska.

Per Diem Rate - An allowance for meals, and incidental expenses for Travelers on official City/KPU business as set forth by: 1. an approved collective bargaining agreement (CBA) when included in the CBA; or 2. the Ketchikan City Council and the federal General Services Administration (GSA) per diem rate, whichever is less. The per diem rate removes the tax liability issues that would be created without an established allowance for required travel expenses. The allowance is for meals and miscellaneous travel expenses for which itemized receipts are not required to be submitted. Alaska, Hawaii, and US Territories outside the

contiguous United States and may have different scheduled per diem rates than that of the lower 48. Travelers may reference the [Federal Per Diem Rate Lookup](#) for travel expense purposes. This rate will be reviewed as needed and adjusted by the City Council.

Public Official – every elected or appointed official of the City/KPU, including but not limited to all the Mayor, Councilmembers, advisory board, committee or commission specifically authorized by law or City ordinance, resolution or approved action of the City Council (hereinafter “Council”). “Special” boards, committees or commissions are those adopted by City ordinance, while “advisory” boards, committees or commissions are those adopted by resolution or motion of the Council and typically are temporary or ad hoc in nature.

Receipt – for per diem reimbursement purposes, this means an actual itemized receipt. A credit card or bank statement will not be accepted.

Traveler - any public official or employee on authorized official travel on behalf of the City/KPU.

IV. PROCEDURES

Failure to follow the established procedures may, at the discretion of the Manager, result in the City/KPU’s refusal to pay or reimburse and employee or public official’s travel expenses.

- A. Travel will be approved if the purpose of the travel is to transact official business, attend official and professional meetings, or participate in conferences or training sessions necessary to promote the efficient conduct of City/KPU affairs and cannot be handled by any other means.
- B. Employees and public officials may have the opportunity to participate in courses or training and related travel expenses will be approved if the course/training will enhance the traveler’s ability to perform assigned duties and/or benefit the performance of official duties.
- C. Prior to any travel or training, or the purchase of travel or training to include the issuance of purchase orders, the employee or public official must complete and obtain approval of the [Travel & Training Request/Authorization form](#). This form should be submitted as soon as possible and approval must be obtained by the department/division head, Human Resources Manager and City/KPU Manager. An agenda, syllabus or course description documenting the business purpose of the travel request must be attached supporting all travel.
- D. A signed and approved [Travel & Training Request/Authorization form](#) is required for all travel adhering to this policy's criteria (even if all or part of the expense is to be paid by an agency other than the City/KPU), with the only exception for day trips within Revillagigedo Island and within the normal work hours. Day trips that exceed normal work hours and will receive reimbursement when approved [Travel Expense Form](#).
- E. Any department or division directors who may be traveling for training or on official business must also complete a [Department Head Leave Request Form](#).
- F. All travel must be entered into the [Travel Record Form](#) on the City/KPU Intranet.
- G. Annual leave may be taken for personal travel in conjunction with travel on official business if approved by the traveler's Department/Division Director and/or the Office of the City Manager. The traveler and Department/Division Director is responsible for completing and maintaining all documentation related to the use of annual leave time. When City/KPU travel is combined with personal travel, the City/KPU will not pay:



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Ketchikan, AK. 99901

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TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Karl R. Amylon, City Manager

DATE: February 6, 2019

RE: **Authorizing Increase to the Per Diem Rate**

The motion detailed below was prepared by City Finance Director Bob Newell, who requested that it be placed before the City Council for consideration at its meeting of February 21, 2019. If adopted, the motion provides for increasing the per diem rate established by the City travel policy from \$60 to \$80 effective March 1, 2019. The rationale for the increase is detailed in Mr. Newell's transmittal memorandum and requires no elaboration on the part of my office. I concur with the Finance Director's recommendation.

Since the travel policy was adopted and subsequently amended by the City Council, increasing the per diem rate requires City Council approval.

The Finance Director will be attending the City Council meeting of February 21, 2019, in order to address any questions and/or concerns that Councilmembers may have.

A motion has been prepared for City Council consideration.

RECOMMENDATION

It is recommended that the City Council adopt the motion raising the per diem rate provided by the City's travel policy from \$60 to \$80, effective March 1, 2019.

Recommended Motion: I move the City Council raise the per diem rate provided by the City's travel policy from \$60 to \$80, effective March 1, 2019.

MEMORANDUM
CITY OF KETCHIKAN, ALASKA
Finance Department
Office of the Finance Director

Bob Newell, Finance Director
Camille Nelson, Financial Analyst
Phone: (907) 228-5621
Facsimile: (907) 228-5617

TO: Karl R. Amylon, City Manager/KPU General Manager

FROM: Bob Newell, Finance Director

DATE: February 5, 2019

SUBJECT: Travel Policy – Per Diem Rate

As we discussed, it was recently brought to my attention that the per diem rate used by City and KPU employees while traveling on City or KPU business may be need to be adjusted in order to reflect current market conditions. Under its current travel policy, the City pays \$60 per day for meals and other incidentals. The rate was last adjusted in 2008.

Since 2008, inflation has risen at an annual rate of approximately 1.76%. This was based on the U.S. Average CPI-U. In addition, there has been a move in recent years in many states to raise the minimum wage to \$15, which has most likely resulted in the cost of meals served in restaurants to rise at a rate higher than inflation. According to reports, the increase the minimum wages has had a significant impact on restaurants. A recent survey of the current federal per diem rates for cities that many City and KPU employees travel for business showed rates significantly higher than the City's current per diem of \$60. A sample of the cities surveyed is listed below:

<u>City</u>	<u>Per Diem</u>
Seattle	\$ 76
Anchorage	85
Juneau	87
Ketchikan	87

In light of this information, it is recommended that the City give some consideration adjusting the current per diem rate from \$60 to \$80. Although a rate based on average annual rate of inflation of 1.76% would result in \$72.69, it does not take into account the minimum wage impact discussed above. Even at \$80, the proposed increase in the per diem would be below the federal per diem for the cities of Anchorage and Juneau. The proposed per diem would be higher than Seattle's federal per diem, but minimum wages in Seattle increased to \$16 per hour for large employers effective January 1, 2019 so it is possible that the federal per diem for Seattle could be increased in the near future. The federal per diem rates are adjusted annually and the new rates become effective on October 1, the beginning of the federal government's fiscal year.

Since the travel policy was adopted and subsequently amended by the City Council, any action to raise the per diem rate would require City Council approval.

Recommended Motion:

I move the City Council raise the per diem rate provided by the City's travel policy from \$60 to \$80, effective March 1, 2019.