

**NEW YORK STATE THRUWAY AUTHORITY
CONSULTANT INSTRUCTION**

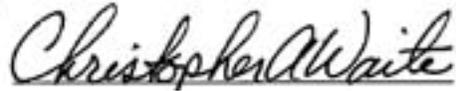
SUBJECT: REIMBURSEMENT OF DIRECT NON-SALARY COSTS

DATE: July 17, 2008

CODE: 08-3

SUPERSEDES: 07-8

APPROVED:



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DISTRIBUTION: All

The following guidelines are consistent with provisions of Federal Procurement Regulations and New York State Thruway Authority (Authority) policy and should be used when requesting reimbursement of all direct non-salary costs (DNSC) on Authority projects.

In some instances, due to the structure of a consultant's accounting system, there may be conflicts with the requirements of Federal Acquisition Regulations (Subpart 31 of Title 48 CFR), as to what is reimbursable as a DNSC and what is considered an overhead expense. When conflicts exist, the requirements of the Federal Acquisition Regulations will prevail. These regulations require that costs charged to a specific project as a DNSC must be segregated as a DNSC in accounting records for all projects. If not segregated as a DNSC for all projects, such project costs can only be recovered as an overhead expense.

The Authority shall reimburse the Consultant (Engineer) for actual DNSCs (i.e., project related costs not considered an overhead expense as noted in this instruction) incurred by the Engineer when engaged directly in Authority work. Such reimbursement shall be at the rates set forth in Exhibit B and/or at actual receipted cost when purchase has been pre-approved by the Authority. Submitting just a credit card receipt is NOT acceptable.

Any DNSC submitted for reimbursement which has not been pre-approved, or requested in advance by the Authority will be reimbursed at the sole discretion of the Authority.

No mark-up shall be allowed on any DNSC submitted for reimbursement.

Transportation and Travel Expenses

The Authority's policy on travel expenses is to reimburse the Engineer in accordance with the New York State Office of the State Comptroller's Travel Guidelines (available on their website at <http://www.osc.state.ny.us/agencies/travel/travel.htm>) and at the per diem rates established by the U.S. General Services Administration (GSA) which can be found on their website at: <http://www.gsa.gov/> under Travel Resources, Per-Diem Rates. Since all Engineer requests for reimbursement must be

supported by receipts and/or other supporting documentation, the following guidelines must be followed:

The Engineer should ensure that all its employees are familiar with these instructions when in travel status on Authority projects.

1. The Authority will only reimburse the Engineer for necessary travel expenses when such travel expenses have been pre-approved in writing by the Authority and are in accordance with the guideline rates set forth in the GSA website at: <http://www.gsa.gov/> as may be amended from time to time.
2. Reimbursement for lodging is based on the county in which lodging is obtained. Therefore, the county must be reported on expense accounts. There are also seasonal rates for some counties which must be applied during the seasonal periods indicated.
3. Per GSA's guidelines, lodging taxes are not part of the per diem rate. Accordingly, travelers may claim taxes as a separately reimbursable item. Other hotel expenses (telephone calls, faxes, etc.) may also be allowed if a business purpose is noted and justification is provided.
4. Receipts for lodging are necessary to obtain reimbursement based on the per diem travel rates posted on the GSA website. For New York State counties not listed on the GSA website, the standard destination rate provided on the website should be used. If no lodging receipt is submitted, the Engineer will only receive reimbursement for per diem when proof is shown that an employee was in travel status. Further, employees in travel status may need to occasionally separate dinner and breakfast rates if requesting additional meal reimbursement due to travel status start or return times (see #7 and #9 below). The split on the per diem meal rate is 80 percent for dinner and 20 percent for breakfast.
5. Receipts for meals in conjunction with an overnight stay are not necessary when lodging receipts are submitted with the expense account.
6. Taxes and tips are included in the maximum reimbursement allowances for meals.
7. In order to be eligible for reimbursement for meals and/or lodging expenses, the destination must be more than 35 miles from both the employee's home and the employee's field or home office and the duration must be greater than a normal workday.
8. Meal receipts must be submitted with an expense account to obtain reimbursement when employees are not in overnight travel status and the receipts must include the following details: name, address, phone number (including area code) of restaurant, number of employees served and a description of the purchased meal.
9. An employee's work schedule must be provided on the expense account if requesting reimbursement for meals due to an early start or late return while in travel status. Generally, if the employee leaves more than an hour earlier than their typical start time or returns more than two hours after their typical end time, then they would be eligible for an additional meal allowance in accordance with the per diem rates.
10. Requests for reimbursement of travel expenses must contain a copy of all travel related

receipts. Credit card receipts alone are NOT acceptable.

11. Normal travel time (commuting time) between an employees home and their field or home office does not count in determining departure and return times unless the travel time results in a cost savings to the Authority.
12. No reimbursement is allowed for lunch or alcoholic beverages under any circumstances.
13. On-the-job mileage rate reimbursement for use of a company or personally owned vehicle (including a car, van and/or pickup) is based on current GSA rates. Mileage reimbursement for a company owned vehicle is only reimbursable at the GSA rate if all or part of the vehicle expense is not already part of the firm's overhead rate.
14. Reimbursement for taxis, private car rentals, subways, train-fare, air-fare or other similar expenses can be submitted if receipts and justification is provided and expense is pre-approved by the Authority in advance of travel. Reimbursement for train or airfare will be at Coach Rate only. Additional charges for trip or vehicle insurance or other fees may be reimbursable at the discretion of the Authority.
15. None of the revisions presented in this instruction shall be considered a reason for an increase in the Maximum Amount Payable and/or the Fixed Fee in any negotiated agreement.

The Authority may reimburse Engineer for expendable, non-reusable items that the Engineer requires to provide services. Typically, all other costs fall into four general categories that may or may not be reimbursable as noted below.

Tools of the Trade

The Authority will not directly reimburse for items generally considered "tools-of-the-trade" which are tools considered having a long life span. Depreciation on tools-of-the-trade is acceptable in overhead. Examples include, but are not limited to:

- Personal Computers or Laptops
- Photo copiers
- Printers and Scanners
- Cameras and camera equipment
- Survey and Testing Equipment
- Tools

If the Authority authorizes the Engineer to purchase specialized equipment or computer software, the Authority will reimburse Engineer for the actual receipted cost of such equipment or software and the equipment or software will become property of the Authority at the end of the project.

Expendable Technical Equipment

Equipment expended during the life of the agreement is acceptable as a DNSC. Examples include, but are not limited to:

- Safety vest and hard hat
- Film
- Spray Paint
- Specification book (one per Inspector)

Office Supplies

General supplies that are normal to the operation of any office are only allowable as an overhead expense. Examples include, but are not limited to:

- Company letterhead
- Scratch pads, folders, binders, etc.
- Pens, pencils, erasers, sharpeners, staplers, hole punches, etc.
- Printer cartridges and toner
- Computer discs

Other, Special or Technical Charges

Project specific charges such as computer aided design/drafting (CADD) usage time and photo copying can be submitted as a DNSC only when a project-specific log is provided supporting the charges. If no project-specific log is kept, then cost will be considered an overhead expense. The CADD rate needs to be supported as a separate rate not included in overhead. Postage and delivery expenses to send files and contract documents (plans, specs, drawings, prints, etc.) to Authority staff are allowable as a DNSC when supported by receipts. Postage and delivery costs for general correspondence and monthly billings are only allowable as an overhead expense. Rental of specialized equipment to perform work is reimbursable as a DNSC only with appropriate approvals, documentation and receipts.

Communication Expenses

In order for project related cell phone charges to be reimbursed as a DNSC, Engineer must produce a statement that details all calls and notes those specific calls which are project related. Reimbursement for all other charges such as monthly service charges, taxes, fees, initial equipment purchase, batteries, chargers, pre-paid cell phones and/or prepaid cell phone cards are considered overhead expenses.

Subcontractor Expenses

Subcontractor services are reimbursable as DNSCs. If at any time it appears that unusually large expenses (exceeding \$5,000) for subcontractor services will be incurred, such as substantial reproduction costs or fees for a large project related task (surveying, soil borings, material testing,

plant inspection services, aerial photography, etc.) the subcontractor services shall be obtained in accordance with the following guidelines:

For subcontractor services exceeding \$5,000, the Engineer shall prepare a contract document describing the work, schedule, and method of payment in sufficient detail for obtaining proposals/sealed bids for the work and shall submit it to the Authority for review. The Engineer shall modify the work description as necessary before including it in the contract document.

For subcontractor services exceeding \$5,000 and equaling or under \$20,000 or a printing subcontract exceeding \$5,000 and equaling or under \$10,000, the Engineer shall solicit quotations from a sufficient number of prospective qualified subcontractors (typically three) to ensure that the work will be performed in the most economical manner. The Consultant shall maintain and keep, for Authority review, records of the quote solicitation process to document competition for the service. Upon receipt of the quotations, the Engineer shall submit them to the Authority along with a recommended choice. The lowest bidder who is fully responsive to the invitation to bid will most often be chosen. The Authority shall either concur or choose one of the other candidate subcontractors and advise the Engineer to proceed.

For subcontractor services exceeding \$20,000 or a printing subcontract exceeding \$10,000 the Engineer shall solicit sealed bids from a sufficient number of prospective qualified subcontractors to ensure that at least three (3) bids are received. Upon receipt of at least three bids, the Engineer shall submit all bids to the Authority along with a recommended choice. It is assumed that the Authority will either concur with the recommendation or accept one of the other bids. The Authority will then advise the Engineer in writing to proceed. The lowest bidder who is fully responsive to the invitation to bid will most often be chosen.

Upon receipt of written authorization from the Authority to proceed, the Engineer shall execute the contract with the subcontractor and oversee the subcontractor's operations and services to the extent of assuring that the work is performed as described in the contract and conforms to Authority requirements.

Insurance Expenses

For general information on insurance requirements, refer to the Authority's website at:

<http://www.nysthruway.gov>

Insurance premiums are considered overhead expenses and the Authority no longer requires a Thruway Protective Policy in its agreements.