

Exhibit B: Cost Reimbursable Guidelines

LOS ANGELES WORLD AIRPORTS

The Consultant shall be reimbursed for the following costs in accordance with City policy, subject to amendments, and the guidelines detailed below:

A. COMPENSATION FOR PERSONNEL

LAWA shall compensate the Prime Consultant and Sub-Consultant/Sub-Contractor for personnel costs based upon employees' LAWA-approved hourly rates and actual hours worked. Additionally, the Prime Consultant is allowed a mark-up, per the negotiated rates and fees for this contract, on first-tier Sub-Consultant/Sub-Contractor direct labor for the management of the Sub-Consultant/Sub-Contractor work.

1. Personnel Hourly Rate Calculation

- a) While directly engaged in the performance of this Contract on an Hourly basis, the Consultant shall be compensated for actual cost of base salaries and wages of professional, technical and support personnel in accordance with negotiated rates and fees, and as authorized via Task Orders.
- b) Base Hourly Rate is defined as either the employees' actual base yearly salary divided by 2,080 hours for salaried employees, or hourly wage rate for hourly employees. LAWA may, at its discretion, allow the use of a basis other than 2,080 hours for Consultants on a non-standard work year.
- c) The Multiplier for this contract is as negotiated
- d) The Multiplier for any Sub-Consultants/Sub-Contractors providing personnel services shall be based upon an audited Home/Field Office Overhead Rate or a negotiated Home/Field Office Overhead Rate, and must be approved in writing by LAWA prior to addition of said Sub-Consultant/Sub-Contractors to the contract.
- e) If at any time the LAWA Project Management team determines the need to use offsite staff on site, a *Field Office Overhead Rate* will be used.
- f) Time is the sum of actual hours and fractions thereof worked by each employee directly engaged in the performance of this Contract.
- g) The Billable Hourly Rate is the product of the LAWA negotiated and approved Base Hourly Rate and the Multiplier.

2. Hourly Rate Schedule and Overtime

- a) The not-to-exceed Maximum Reimbursable Hourly Rates for job classifications of employees directly engaged in performing Work under this Contract are as negotiated. The Job Classifications and Hourly Rates may not be changed without prior written approval of LAWA. The actual hourly rates to be applied to specific Consultant personnel must be pre-approved via a Task Order and/or Personnel Authorization. LAWA approval for adjusting the not-to-exceed Maximum Reimbursable Hourly Rate(s) shall not be unreasonably withheld if supported by actual hourly rates which are reflective of the current competitive market. Approved actual hourly rates may only be adjusted with prior LAWA approval and must be made in accordance with the Consultant's current approved salary plan. Prior written approval is required and is effective as of the date indicated on the Task Order. The Consultant shall fully document to LAWA's satisfaction that such proposed salaries are indeed reflective of the current competitive market.

- b) Any and all personnel and associated hourly rates must be approved, in advance, by LAWA. The Consultant shall submit to LAWA the employee's name, job classification, company, hourly rate (with supporting documents) and exempt or non-exempt status. The individual hourly rates may be re-negotiated for each additional contract year. However, in no event shall the hourly rate be increased by more than three percent (3%) per Contract year without prior written justification and approval by LAWA.
- c) LAWA's approval of additional personnel shall not entitle Consultant to any additional compensation beyond the limit established for the individual Task Order or herein.
- d) LAWA hereby relies upon the Consultant to properly designate its employees as exempt or non-exempt under the Fair Labor Standards Act. LAWA shall not reimburse Consultant for back pay, penalty or interest imposed by the Department of Labor in the event of a dispute regarding the improper designation of its employees.
- e) All overtime must be approved in advance by LAWA. In the event that overtime work is required by non-exempt employees whereby there is an associated premium cost, the overtime shall be compensated as defined by the Fair Labor Standard Act. The premium OT compensation shall be computed as follows:

| <u>Regular Hourly Rate Portion of Work</u> | <u>Premium Portion</u> | <u>OT Hourly Rate</u> |
|--|--|-----------------------|
| [(Base hourly rate) x (Multiplier)] | + [(Base hourly rate x 0.5) x (1 + Profit%)] | |

- f) Personnel time incurred with travel shall not be compensable beyond a normal workday.

B. REIMBURSABLE TRAVEL EXPENSES

It is the policy of LAWA to allow for the reimbursement of Consultant/Contractor relocation and travel expenses, in accordance with City policy, when it is determined that such reimbursement assists in the furtherance of official city business goals and/or increases revenue for LAWA. Official city business is constituted as and shall demonstrate:

- (1) *A valid City interest to be served or gained thereby;*
- (2) *Relevance to the City operations or the individual's role in such operations;*
- (3) *The promotion or development of City programs, methods or administration; or*
- (4) *Compliance with instructions or authorization of the Mayor or the City Council.*

It is expected that in each instance the Consultant/Contractor will only incur expenses that a reasonable and prudent person would incur if traveling on personal business.

Prior written approval by LAWA is required as designated in the contract language. It is expected that before such authorization is granted, due consideration shall be given to such factors as suitability, level of seniority in the field of expertise, specialty discipline, and nature of the business involved.

For travel to locations other than LAX, prior written authorization is required and reimbursement of expenses shall be computed based upon City policy, subject to amendments, and all conditions as noted herein will apply. Only those Consultants specifically authorized by LAWA may submit travel expenses for reimbursement.

1. Travel Expenses Reimbursement Methodologies

a) Travel Related Reimbursement Factor

This methodology shall be applied when the frequency of travel is known and forecasting of expenditures can be made with a certain level of predictability. Utilizing this methodology,

LAWA may negotiate a travel-related reimbursement factor. This factor must be authorized by LAWA and detailed in a Task Order or Travel Authorization, as designated in the contract language. The authorizing document shall specify the time period for which this approval is granted. LAWA reserves the right to periodically review and adjust the travel related reimbursement factor.

Under this methodology, LAWA will not require submission of actual receipts for the reimbursement factor but will require verification of travel status in the form of airfare or transit receipts, or lodging receipt/lease agreement.

b) Actual Costs for Airfare/Transit Expenses plus Not-to-Exceed Per Diem

In cases where Consultant travel is required for a limited duration, LAWA may authorize a Consultant to receive reimbursement of airfare and transportation expenses plus a not-to-exceed per diem to cover lodging, meals and incidental expenses for one full day. With the exception of meals which will be covered via a meal allowance, all other travel-related expenses shall be based upon submission of actual receipts.

i. Air Travel

Official travel shall be by the most direct routing and Consultant air travel expenses are allowable only for the lowest regular fare available for regularly scheduled airlines for the date and time selected. LAWA will reimburse for the price of a coach class, unrestricted ticket. When possible, economy or special fares are to be used. Consultants, when possible, should make every effort to make the reservation well in advance to be able to get the best price possible. Approved Air Travel must be supported by legible copies of airline tickets. Electronic tickets and boarding passes are acceptable. LAWA shall only reimburse for reservation change fees when the schedule change was requested by LAWA and is supported by documentation confirming LAWA's direction of schedule change. Comfort items such as paying for exit row seats or service upgrades are not allowable. In cases where the traveler is charged for the first checked bag, the City will reimburse for this fee. Baggage fees for additional items will not be automatically reimbursed unless a justification for a business need is provided. Checked baggage fees are considered a separate reimbursement expense and are not included as part of the per diem.

ii. Ground Transportation

For consultants approved on travel status, the least expensive and most practical form of public transportation shall continue to be reimbursed taking into consideration such factors as time and availability. Ground transportation is defined as travel from home to airport and back, and from airport to LAWA business location and back.

i) Local Transportation - Local transportation costs incurred by Consultant while in travel status will be reimbursed as follows:

- Taxi/limousine/bus - Reimbursable at actual cost.
- Rental Automobiles - Because of their cost, rental automobiles shall be used only when their use will affect a savings or other advantage, or when the use of other transportation is not feasible. Rental automobiles should be limited to compact models when available. A legible copy of the automobile rental agreement is required. Rental of other than compact automobiles is allowable when compacts are not available or if more than two staff members are in the travel status. All rental cars will be returned with a full tank of gas when possible. Fuel charges will be reimbursed at the market price. Unreasonable or excessive fuel charges by the rental car agency may not be reimbursed.

- Private Automobile - Use of private or Consultant owned or leased automobiles will be reimbursed at the rate permitted under the Internal Revenue Service published rates as applicable to such costs. Prior written approval by LAWA is required before any private automobile will be allowable for reimbursement.
- Tolls and parking charges - for use of ferries, roads, bridges, and tunnels while traveling to and from commercial carriers and parking charges at origination/destination are reimbursable at cost.

ii) Local Travel - Travel to and from the Site for Home Office Staff who are located in any of the Consultant's office locations in the Los Angeles Vicinity is not reimbursable without prior written approval by LAWA.

iii. Not-to-Exceed Per Diem

The not-to-exceed per diem rate will be applied as a meal allowance, in accordance with the limits established by the City Controller, plus actual costs for lodging and incidentals. The combined total amount of the meal allowance, lodging and incidental costs shall be in accordance with City policy.

Covered Expenses:

- Lodging to include hotel/motel or corporate housing
- Meal allowance which covers meals, including gratuity
- Incidental expenses which includes:
 - Fees and tips given to porters, baggage carriers, bellhops, hotel maids/servants, stewards or stewardesses, and others

2. Lodging/Meals Guidelines

A per diem may be used to reimburse Consultant for overnight accommodations and meals when in travel status on behalf of LAWA as outlined in the City's travel policy and amended from time to time. If Consultant's internal policy is a lower rate, the lower rate will be used. The per diem rate will be applied as a meal allowance, in accordance with the limits established by the City Controller, plus actual costs for lodging and incidental expenses. Receipts are required for lodging and incidental expenses and will be reimbursed in accordance with City policy. As the per diem is periodically updated by the CAO, reimbursement shall be made based upon the per diem rate published at the time expenses are incurred. In the selection of restaurants and lodging, it is expected that individuals will seek moderately priced establishments of acceptable quality. The Consultant must consider transportation costs, time, and other relevant factors in selecting the most economical and practical accommodations. Consultants will be required to select a hotel/motel within the City of Los Angeles limits. In cases where rates have been negotiated with the hotel properties surrounding its airports, LAWA will make this listing available for the Consultant's consideration. Approval of the properties not on the negotiated list will be evaluated based upon competitive rates. Lodging expenses will be reimbursed only at the single occupancy rate.

For traveling employees assigned to the Site on a regular basis, the Consultant may utilize internal policies, such as use corporate apartments, to determine the most cost effective lodging. Prior to leasing or procuring such lodging, the Consultant shall perform a lease versus per diem analysis and provide to LAWA for review and concurrence.

1. Incidental expenses – The per diem rate includes incidental expenses.
2. Expenses above the per diem rate shall not be reimbursed even if supported by receipts.

3. Meal and incidental allowance will be prorated at 75% of the daily allowance as follows: (Prorating of meal and incidental allowance is specified under IRS Publication 463.)
 - On travel days regardless of departure and/or arrival times;
 - When a meal is provided as part of the conference;
 - For travel under the “50-mile” rule exceptions with overnight lodging and pre-approval

Note: No meal allowance will be provided when meals are provided throughout the day by the host or as part of a conference.
4. Meal receipts do not have to be presented to receive the meal allowance per day of business travel except for travel on grant funded projects where the grantor requires complete documentation of travel expenses.
5. Gratuities are limited to no more than 15% and are included as part of the Meal Allowance. There will be no additional reimbursement for gratuities.
6. For international travel, meal and incidental allowances will be provided according to City policy.
3. Non-Reimbursable Travel Costs (Including but not limited to:)
 1. Non-economy class airfare
 2. Non-compact vehicle rental
 3. Air flight insurance
 4. Expense of any insurance offered by the auto rental company such as Collision Damage Waiver, Personal Accident Insurance, Liability Insurance Supplement, Personal Effects Coverage, Supplemental Liability Protection, etc. in connection with a rented vehicle.
 5. Auto repairs, replacement or towage to personal vehicle when such use has been authorized.
 6. Valet parking when self parking is available.
 7. Expenses above the meal allowance shall not be reimbursed even if supported by receipts.
 8. Meals and incidental expenses in excess of the set domestic stipend or international federal per diem rate will not be reimbursed.
 9. Reimbursements for LAWA employee’s meals are not allowable, except in accordance with City policy.
 10. Alcoholic beverages.
 11. Expenses incurred by a dependent or other person accompanying the Consultant employee on an official business trip are not allowable. Bills indicating multiple occupants are to be adjusted to single occupancy rate and disallowed unless disclosure is made indicating reason, names, and dates.
 12. Expenses of a purely personal nature.
4. Other Allowable Direct Costs while on travel-status
 1. Telephone - Actual cost of business telephone charges, subject to the limits on E-Mobile charges described below, incurred by Consultant while in travel status is reimbursable. Personal telephone charges are not allowable.

2. E-Mobile Communication Devices - Unnecessary and/or unreasonable charges such as roaming fees, except roaming fees incurred while in approved travel status, roadside assistance, home distance, text messaging or any other such feature that is not essential to the individuals job function will not be reimbursed. LAWA reserves the right to limit the number of individuals allowed to bill to mobile communication devices. LAWA will not reimburse for personal calls.

C. OTHER REIMBURSABLE EXPENSES

1. Supplies, materials and equipment - At actual cost for items used directly in the furtherance of work and supported by receipts on all individual items. Any equipment, copiers, computer software, intellectual property licenses or any other non-consumable supplies (collectively, "Equipment") purchased or licensed by Consultant for use at the Site and reimbursed by LAWA, shall be LAWA's and title therefore shall vest in LAWA upon such purchase or license. Equipment may also be leased if determined to be cost effective. The Consultant shall provide a lease versus purchase analysis for such proposed leased Equipment. If Equipment is currently owned by the Consultant, it may be leased for exclusive use at the Site and on the Project and reimbursed by LAWA at a fair market rate. No such Equipment may be purchased, leased or licensed without the prior written approval of LAWA.
2. Reproduction - At actual cost of outside reproduction of material and documents required in the furtherance of work.
3. Computer Services - Computers, peripherals and software that are deemed to be standard equipment used in the course of business and as such, shall not receive reimbursement, unless specifically authorized by LAWA.
4. E-Mobile and other Communication Devices - At actual cost for acquisition all devices combined such as cell phones, pagers, radios, etc. in an amount not to exceed \$100 per authorized individual. (Job site radio systems are not included in this limit.) The purchase of all devices to be reimbursed must be pre-approved by LAWA in writing with the device cost and model itemized and the device shall become LAWA's property upon project completion. Service charges for devices are reimbursable, except unnecessary and/or unreasonable charges such as roaming fees (except roaming fees incurred while in approved travel status), roadside assistance, home long distance, text messaging or any other such feature that are not essential to the individuals job function which will not be reimbursed. The City reserves the right to limit the number of individuals allowed to bill for mobile communication devices.
5. Vehicle and Equipment Costs - Prior to leasing/purchasing major equipment, trailers and/or vehicles, the Consultant shall perform a lease versus purchase analysis. If the job vehicle is currently owned by the Consultant parent company, it may be leased for exclusive use at the Site and on the Project and reimbursed by LAWA at a fair market/comparable lease rate. The analysis shall be approved by LAWA prior to leasing and/or purchasing major equipment and vehicles. Job vehicles and vehicles for Key Personnel will be reimbursed at actual leased cost as long as such lease cost is reasonable. Repairs related to normal wear and tear for such vehicles will be reimbursed at actual cost as long as such costs are reasonable. Reimbursement will not be made for repairs related to abuse or neglect by the Consultant nor will repairs related to items covered by insurance be reimbursed. Task Orders will be reimbursed via a wet lease rate when the Task Order so specifies. This rate will cover all cost related to the operation of the vehicle, which includes but is not limited to the lease, insurance, gasoline, maintenance, and repairs.

6. Training and Seminar Costs - Training and seminar costs for Consultant employees may be reimbursed only if such training or seminar directly benefits the City, and has been approved by LAWA in advance.
7. Office Expenses - Reimbursement for office expenses not covered in the overhead shall be made for the actual costs for purchases, rent, utilities, permit fees, license fees, taxes, if any, improvements to leased office space, electrical or telephone installation or rearranging, security and janitorial services, office supplies or any other costs or expenses related to such rented, purchased or leased facility and required by Consultant in performance of its Services as well as any non-labor costs expended by the Consultant. Office communication expenses include reimbursement of actual cost for long distance telephone services. Express mail or other forms of communication used on a day to day, ordinary course basis are reimbursable. Mass mailings that are approved in advance in writing by LAWA are a reimbursable cost. Cost for bottled drinking water and coffee at the field office is not reimbursable.
8. Business Meeting Expenses – Subject to LAWA prior approval, reimbursement for business meeting expenses on behalf of LAWA shall be made at actual cost and supported by receipts. A list of attendees and subject of meeting will be required.
9. Other costs that are not included in or covered by the Consultant's Overhead Rate - At actual cost for items used directly in the furtherance of work, subject to the prior written approval of LAWA, and supported by receipts.

D. COSTS NOT REIMBURSABLE

Include charges for entertainment, non-economy class airfare, bidding and proposal costs associated with obtaining the Contract, contributions, personal telephone charges, dues and subscriptions, alcoholic beverages, expenses for transportation for personal pursuits, gifts, gratuities greater than 15%, microwaves and refrigerators, bottled water, lunches, paper plates, cups, coffee, creamer, wipes and hand sanitizer, and other charges expressly disallowed under the terms of this Contract. Extraordinary expenses require prior LAWA approval.

E. CONSULTANT'S SUBCONSULTANTS

Consultant Sub-Consultants shall follow the reimbursable expense guidelines set forth for Consultant herein.