

COST ALLOCATION PLAN

F.Y. 2013

FOR THE

GRAND VALLEY METROPOLITAN COUNCIL

July 2012

QUESTIONS REGARDING THIS REPORT SHOULD BE DIRECTED TO:
ABED ITANI, DIRECTOR OF TRANSPORTATION PLANNING
GRAND VALLEY METROPOLITAN COUNCIL
COST ALLOCATION PLAN

INTRODUCTION

This Cost Allocation Plan has been developed for the Grand Valley Metropolitan Council in direct response to Federal and State requirements. The basis for the development of this document is the procedures and requirements of ASMB C-10, "A Guide for State and Local Government Agencies - Cost Principles for Grants and Contracts with the Federal Government"; provisions of the OMB Circular A-87 policies and principles contained in FHPM 4-1-2, and most recent regulations addressing cost principles and grant administration issued and generally referred to as the "common rule".

This plan reflects cost elements developed in accordance with the actions and policies of the Grand Valley Metropolitan Council (GVMC) and the GVMC Transportation Policy Committee. A detailed Indirect Cost Proposal (part II of this report) has been prepared in accordance with applicable policies and procedures. This plan also includes cost associated with moving the GVMC offices to another location.

II. PURPOSE

The purpose of the Cost Allocation Plan is to identify how all elements of cost, including indirect cost, will be developed and calculated by the GVMC. It will also describe the procedures and principles that directly facilitate the development of Provisional Indirect Cost rates on a Fiscal Year basis.

III. ORGANIZATION BACKGROUND

The Grand Valley Metropolitan Council was formed in 1990 to advance the current and future well being of the Grand Rapids metropolitan community by bringing together area local governments to cooperatively advocate, plan for, and coordinate the provision of cost-effective services and infrastructure investments that have area wide impact.

Since the formation of the GVMC, the transportation needs of the region have become a priority focus due to the requirements by the federal government that the area conducts more comprehensive regional transportation planning and to alleviate air pollution. The GVMC is the designated Metropolitan Planning Organization for the Grand Rapids Urbanized area. GVMC has been established for the purpose of encouraging a cooperative,

comprehensive, and continuing (3-C) process among neighboring governmental units on all matters that have community impact as required by 23 USC 134. The organizational structure of the GVMC is described in Section IV of this document.

The GVMC is a multi-purpose agency with the majority of the professional activities directed at urban transportation planning and programming. Funding for the GVMC includes the following:

- Section 112 Funds: Federal Highway Administration (FHWA)
- Surface Transportation Program (STP) Funds: FHWA
- Section 5303 Funds: Federal Transit Administration (FTA)
- State Planning and Research (SPR) Funds, MDOT
- Congestion Mitigation/Air Quality (CMAQ)
- Michigan Transportation Funds (Asset Management)
- Local Funding Match: Participating Agencies

IV. ORGANIZATIONAL STRUCTURE & FUNCTIONAL RESPONSIBILITIES

The GVMC staff is directly responsible to the GVMC Board and is charged with the management and conduct of activities identified in the Unified Work Program (UWP). The staff serves in both management/coordination and technical capacities in the conduct of each element of the Work Program. In addition to work on specific activities, the staff has the responsibility for the overall administration and technical management of the transportation planning program. A functional statement of GVMC staff responsibilities follows.

GVMC staff is currently made up of 15 associates. Following is a brief description of the duties and responsibilities of each associate position for the Grand Valley Metropolitan Council in the transportation department and administration:

Executive Director

The Executive Director of the Grand Valley Metropolitan Council has the

primary responsibility of administering the overall activity of the entire agency. The Director's salary is charged as indirect.

Human Resources Director

This position is responsible for many of the administrative tasks related to personnel at GVMC. This position is also responsible for public outreach and records keeping. This position reports directly to the Executive Director. The HR Director's salary is charged as indirect.

Finance Director

This position is contractual position responsible for all financing related activities at GVMC. This position reports directly to the Executive Director. The Finance Director's salary is an annual contract not to exceed \$30,000.00 annually. In case of specific duties that relate to a specific work item(s) in the UWP salaries are charged direct to that specific work item(s).

Transportation Division Director

The Transportation Division Director will be primarily responsible for the implementation of the urban transportation planning program. The position will be responsible for submitting an annual UWP, TIP and certifying that the urban transportation planning process for the GVMC study area is in compliance with all Federal, State and Local Planning Acts. In addition, this position will have direct supervision responsibilities of transportation planning staff.

Senior Transportation Planner (2)

The Senior Transportation Planners are responsible for carrying out many of the technical transportation planning related activities. These position reports directly to the Transportation Division Manager, and charge 100% of their time to the transportation program.

Transportation Planner (4)

This position is responsible for carrying out many of the planning work associated with transportation planning. This position works with land use planning, zoning and corridor studies as they relate to the urban transportation planning process. This position reports directly to the Transportation Division Director, and charges 100% of his/her time to the transportation program.

Transportation Administrative Assistant

This position is responsible for performing nearly all clerical/administrative duties for the transportation staff. This position will charge primarily as a

direct under administration in the UWP. The Transportation Administrative Assistant is directly responsible to the Transportation Director.

V. ELEMENTS OF PROGRAM COSTS

Federal program and local match costs for any specific fiscal year are identified in the Unified Work Program. The work program includes a division of costs by work element and agency. A specific schedule of federal funds budgeted for each year is presented in the work program. In addition to federal funding, the schedule identifies the division of costs for both local and state funds to be used by the program. Work element distribution of total cost by funding source is included in the Unified Work program.

As a multi-purpose agency performing urban transportation planning (3-Cs) and programming activities (3-C) utilizing federal monies available from the FHWA and FTA, approximately 75 % of all agency costs of the GVMC are associated within the conduct of activities identified in the Unified Work Program. The other approximately 25% of agency activity is funded locally. All non-transportation related activities will be charged the same provisional rate as the transportation program.

All agency costs are divided into two basic categories - direct and indirect. Direct costs are those which can be specifically or readily identified with an individual work element. Indirect costs are those costs incurred for the common or joint benefit of all work elements and are not directly assignable to an individual work element without extensive effort disproportionate to the results achieved.

This cost allocation plan states that indirect costs of the GVMC will be charged to the work elements using a provisional indirect cost rate. This procedure distributes all indirect costs to the activities in proportion to total direct personnel cost (see Method of Calculation). Indirect costs will be allocated provisionally using the single rate method described in OASC-10 (page 12).

The following outlines the specific items in each of the two divisions of indirect costs:

Services and Equipment

Administration*
Office Space
Accounting Services

Audit Costs
Legal Services
Computer Equipment*
Office Furniture
Insurance

Operating Costs

Postage*
Office Supplies*
Computer Software & Upgrades*
Communications
Travel*
Seminars & Conferences*
Printing*
Photocopies*
Capital Outlay*
Office Equipment Maintenance
Memberships and Subscriptions

* These items may be charged as a direct expense to a specific work program item, as determined by GVMC staff, when it is determined that these costs directly benefit a specific work item. Each item of cost will be reviewed by the Executive Director or the Transportation Division Manager to determine if it benefits a specific UWP work item. If not it will be accumulated in the indirect cost pool.

Total indirect costs for the fiscal year are simply the sum of the scheduled costs for all of the separate elements. A provisional indirect rate will be applied to the GVMC total direct personnel. All payroll costs other than administration will be charged as direct expenses. Fringe Benefit costs are based on direct payroll costs. These costs are outlined on the following page.

Capital Outlay: Includes funds for the purchase of:

Computers
Printer
Network Infrastructure
File Cabinets
Software

These items will be purchased according to the federal and state guidelines adopted by this MPO.

PROPOSED EXPENDITURES

	TOTAL COST	TOTAL COST	LESS REVENUE	DIRECT REQUEST	INDIRECT REQUEST
PAYROLL - REGULAR	\$666,791.11	\$486,686.06	\$0.00	\$486,686.16	\$180,104.95
FRINGE BENEFITS (36%)	\$224,344.74	\$163,747.62	\$0.00	\$163,747.65	\$60,597.08
PAYROLL - PART TIME	\$20,334.60	\$20,334.60	\$0.00	\$20,334.60	\$0.00
FRINGE BENEFITS- Part Time	\$6,841.66	\$6,841.66	\$0.00	\$6,841.66	\$0.00
PERSONNEL-TOTAL	\$687,125.71	\$507,020.66	\$0.00	\$507,020.76	\$180,104.95
FRINGES-TOTAL	\$231,186.40	\$170,589.28	\$0.00	\$170,589.32	\$60,597.08
CONTRACTS-TOTAL	\$30,000.00	\$21,510.00	\$8,490.00	\$21,510.00	\$0.00
Sub-Totals	\$948,312.11	\$699,119.94	\$8,490.00	\$699,120.08	\$240,702.03
HOL, SICK, VAC - WAGES(All Staff)	\$83,570.59	\$83,570.57	\$2,997.28	\$0.00	\$80,573
HOL, SICK, VAC - FRINGES(Staff)	\$28,117.68	\$28,117.68	\$5,872.84	\$0.00	\$22,245
Executive Director	\$112,969.97	\$112,969.97	\$0.00	\$0.00	\$112,970
Director Of Finance	\$0.00	\$0.00	\$0.00	\$0.00	\$0
Director of Human Resource	\$67,134.98	\$49,679.89	\$17,455.09	\$0.00	\$49,680
HOL, SICK, VAC - WAGES (Admin.)	\$30,926.45	\$22,885.58	\$8,040.88	\$0.00	\$22,886
HOL, SICK, VAC - FRINGES (Admin.)	\$10,405.34	\$7,699.95	\$2,705.39	\$0.00	\$7,700
Contractual Services	\$30,000.00	\$21,510.00	\$8,490.00	\$21,510.00	\$0
Professional Fees	\$4,000.00	\$4,000.00	\$0.00	\$0.00	\$4,000
Legal Services	\$6,000.00	\$6,000.00	\$0.00	\$0.00	\$6,000
Audit Services	\$12,000.00	\$12,000.00	\$0.00	\$0.00	\$12,000
Advertising/Legal Notices	\$6,000.00	\$6,000.00	\$0.00	\$0.00	\$6,000
Insurance	\$18,000.00	\$18,000.00	\$0.00	\$0.00	\$18,000
Meeting Expenses	\$22,000.00	\$22,000.00	\$0.00	\$0.00	\$22,000
Dues & Subscriptions	\$6,000.00	\$6,000.00	\$0.00	\$0.00	\$6,000
Equipment Rental	\$9,000.00	\$9,000.00	\$0.00	\$0.00	\$9,000
Office Supplies	\$12,000.00	\$12,000.00	\$0.00	\$0.00	\$12,000
Mileage	\$22,000.00	\$22,000.00	\$0.00	\$0.00	\$22,000
Postage	\$6,000.00	\$6,000.00	\$0.00	\$0.00	\$6,000
Printing	\$6,000.00	\$6,000.00	\$0.00	\$0.00	\$6,000
Electricity	\$6,000.00	\$6,000.00	\$0.00	\$0.00	\$6,000

Telephone	\$20,000.00	\$20,000.00	\$0.00	\$0.00	\$20,000
Professional Develop	\$20,000.00	\$20,000.00	\$0.00	\$0.00	\$20,000
Rent	\$101,000.00	\$61,296.90	\$39,703.10	\$0.00	\$61,297
Office Equip & Furniture	\$25,000.00	\$25,000.00	\$0.00	\$0.00	\$25,000
Repairs & Maintenance	\$30,000.00	\$30,000.00	\$0.00	\$0.00	\$30,000
Fuel & Oil	\$4,000.00	\$4,000.00	\$0.00	\$4,000.00	\$0
Miscellaneous	\$10,000.00	\$10,000.00	\$0.00	\$0.00	\$10,000
Capital Outlay	\$15,000.00	\$15,000.00	\$0.00	\$0.00	\$15,000
Indirect Cost Sub Total	\$723,125.02	\$646,730.53	\$85,264.58	\$25,510.00	\$612,350.44

Direct Salaries + Fringes	\$677,610.08
Indirect Cost Request	\$612,350.44

INDIRECT RATE COMPUTATION

Indirect Cost
Direct Salaries + Fringes

\$612,350.44
\$677,610.08

Indirect Rate for FY 2012 - 13 = 90.37%

VII. METHOD OF CALCULATION

The Grand Valley Metropolitan Council proposes the use of a single composite indirect rate to be applied to all programs. This method provides for the equitable distribution of indirect costs the five basic steps necessary in the development of an indirect cost rate identified in OASC- IO and their application to the GVMC are as follows:

1. Activities and Attendant Costs

A Grand Valley Metropolitan Council expenditure schedule by cost category is determined on an annual basis.

2. Costs Allocated Through a Central Service Cost Allocation Plan

Only specifically identified and budgeted indirect costs are included in an annual indirect cost proposal. Costs will not be allocated through a central service cost allocation plan.

3. Classification of activities and their costs - Direct or Indirect

Utilizing the general rationale previously described regarding cost classification and the explicit guidance provided by Circular A-87, all activities and their costs have been classified as either direct or indirect. Only costs incurred by the grantee agency are used in the indirect cost calculation. The classification of indirect as "those incurred for a joint or common purpose benefiting more than one cost objective and not readily assignable without effort disproportionate to the results obtained" is carefully examined for each element of cost. When it can be direct or indirect, it will be indirect unless it benefits a particular work program item.

4. Elimination of Capital and/or Unallowable Costs

Each separate element of indirect cost is evaluated against the allowable cost categories discussed in Circular A-87 to assure its eligibility. No direct capital costs or otherwise unallowable costs will be included in the budget or the indirect cost proposals.

5. Provisional Rate Computation

Using the total eligible indirect cost, total direct salaries and fringe benefits, and subtracting the unallowable costs (if any), a Provisional Indirect Cost Rate is determined.

$$\text{PROVISIONAL INDIRECT COST RATE} = \frac{\text{TOTAL ELIGIBLE INDIRECT COSTS}}{\text{TOTAL PERSONNEL} + \text{FRINGES COSTS}}$$

VIII. PROVISIONAL INDIRECT COST RATE DETERMINATION

The Provisional Indirect Cost Rate proposed by the GVMC is determined each fiscal year using this approach. The rate will only be applied to GVMC staff, regardless of funding source.

IX. SCHEDULE OF COSTS TREATED INCONSISTENTLY

All elements of costs for the Grand Valley Metropolitan Council are treated consistently. Elements of costs are treated as direct or indirect on a uniform basis, regardless of funding source. It is appropriate to emphasize that all program costs, except local expenditures in excess of required match, are single program directed. Local program expenditures in excess of the required local match are treated in a manner consistent with all other program expenditures.

X. SUMMARY

The Grand Valley Metropolitan Council proposes to use a single provisional indirect cost rate. There are no elements of indirect costs assigned through a central cost allocation plan. The indirect cost rate will only be applied to the direct salaries and fringe benefits of the GVMC staff. A final indirect cost rate will be determined by an audit.

XI. FRINGE BENEFIT RATES

Fringe benefit rates for the GVMC are based upon current costs or rates. Elements of costs for calculating fringe benefits are as follows:

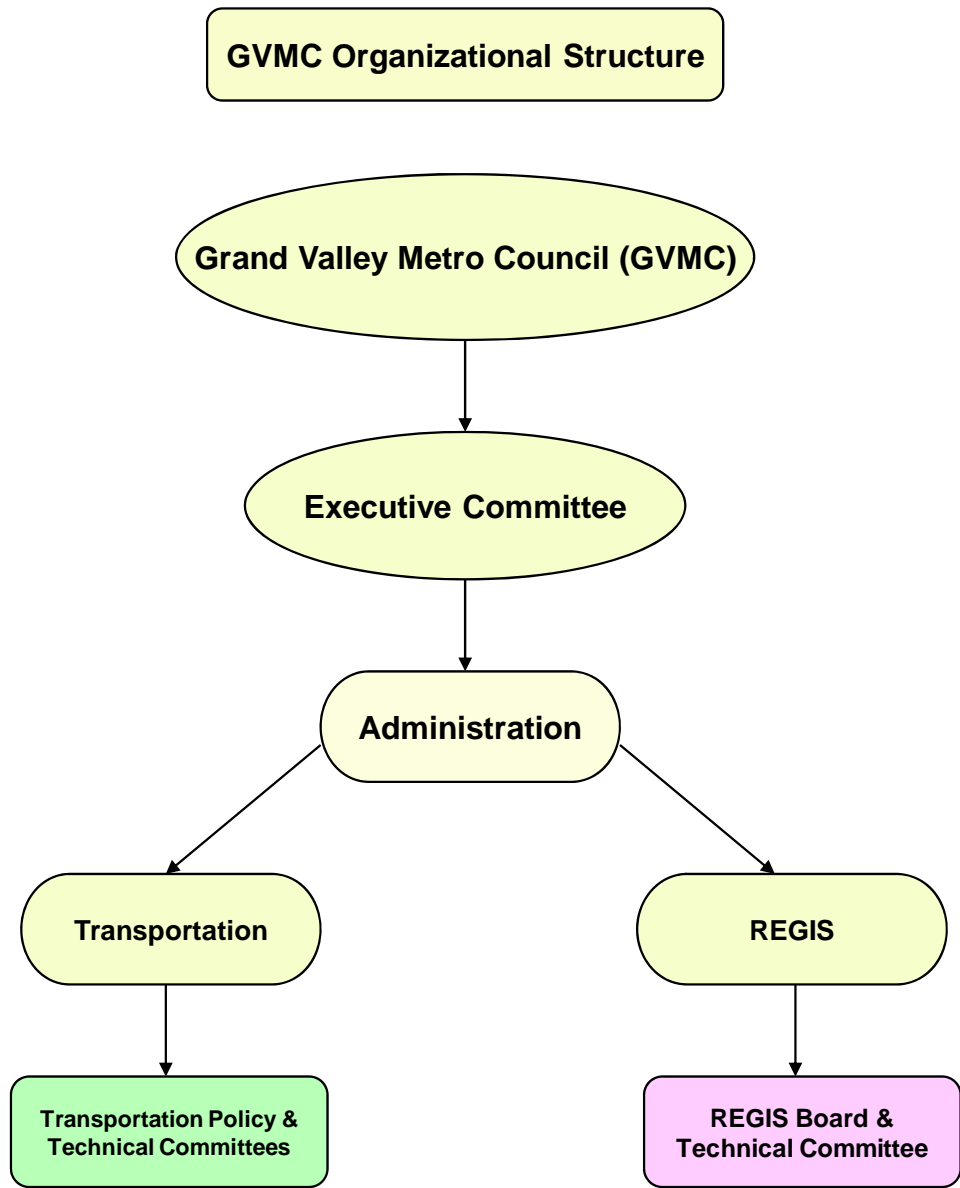
- Health Insurance
- Dental Insurance
- Life Insurance
- Workman's Compensation
- Social Security (FICA)
- Retirement Program
- Parking
- Unemployment Compensation Insurance

Rates, methods of calculation, and calculated costs are included on the fringe benefit cost work sheet developed on an annual basis.

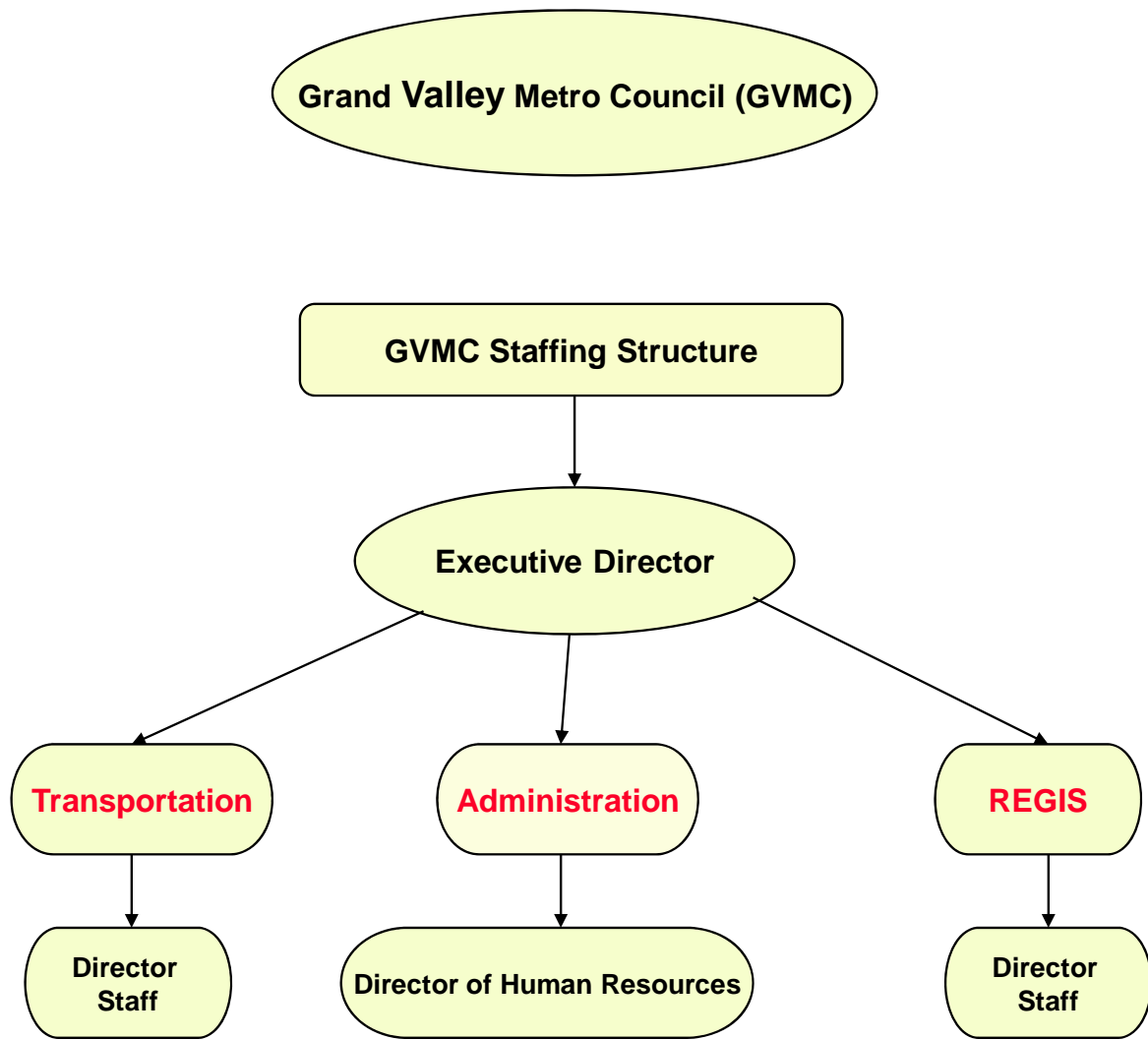
COST ALLOCATION PLAN CERTIFICATION

I hereby certify the information contained in the Indirect Cost Proposal for the Grand Valley Metropolitan Council for the fiscal year ending September 30, 2013 and which is attached to this certification, is prepared in conformance with Federal Management Circular A-87 and the implementing instructions contained in Guide OASC- IO. I further certify: (1) that no costs other than those to be incurred by the grantee/contractor or allocated to the grantee/contractor are included in the indirect cost proposal, and that such proposed costs are allowable under the governing cost principles, (2) that the same costs that are proposed as indirect costs have not been included as direct costs, (3) that similar types of costs will be accorded consistent accounting treatment, and (4) that the information provided by the grantee/contractor which was used as a basis for this provisional rate proposal presented herein is materially accurate.

John Weiss, Executive Director
Grand Valley Metropolitan Council



GVMC



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