



**Resource Management  
Agency  
COUNTY OF TULARE  
AGENDA ITEM**

**BOARD OF SUPERVISORS**

KUYLER CROCKER  
District One

PETE VANDER POEL  
District Two

AMY SHUKLIAN  
District Three

EDDIE VALERO  
District Four

DENNIS TOWNSEND  
District Five

**AGENDA DATE:** November 19, 2019

Public Hearing Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Scheduled Public Hearing w/Clerk	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Published Notice Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Advertised Published Notice	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
County Counsel Sign-Off	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Meet & Confer Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Electronic file(s) has been sent	Yes	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Budget Transfer (Aud 308) attached	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Personnel Resolution attached	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s)	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
CONTACT PERSON: Celeste Perez    PHONE: 559-624-7010				

**SUBJECT:** Economic Development & Planning Branch Indirect Cost Rate Proposal

**REQUEST(S):**

That the Board of Supervisors:

Authorize the submittal of the Economic Development & Planning Branch 2019/2020 Indirect Cost Rate Proposal by the Resource Management Agency to the affected public agencies.

**SUMMARY:**

**Background**

All Local Government Agencies (LGA) desiring to claim indirect costs for federal-aid/or State funded projects must prepare annually an Indirect Cost Rate Proposal (ICRP) and related documentation to support those costs. Each December the Tulare County Resource Management Agency (RMA) submits to the California Department of Transportation (CalTrans) its annual ICRP for the Economic Development & Planning Branch.

The 2018/2019 approved ICRP rate by Caltrans was 33.76%. Based on all planned projects in the 2018/2019 RMA budget for the Public Works Branch, it was anticipated that the County would be reimbursed approximately \$50,000 in indirect costs related to federal-aid/or State funded projects. The actual amount received was \$26,356. A portion of the recovery difference was due to some anticipated reimbursable projects not occurring in FY 2018/2019. The remainder of the difference is attributable to the Economic Development & Planning Branch not

**SUBJECT:** Economic Development & Planning Branch Indirect Cost Rate Proposal  
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working on some reimbursable projects that did occur in FY 2018/2019 as projected. Additionally, the ICRP approved rate allowed for \$8,039 in indirect reimbursements from work by the Economic Development & Planning Branch on grant funded projects not managed by the Public Works Branch. Total indirect cost recovery for FY 2018/2019 related to the ICRP was \$34,395 for the Economic Development & Planning Branch.

### **Proposal**

Submit the 2019/20 Economic Development & Planning Branch ICRP to the California Department of Transportation for review and acceptance. The proposed plan includes a thorough review and analysis of numerous financial documents such as RMA's Budgets, Countywide Cost Allocation Plans (COWCAP), and Comprehensive Annual Financial Reports (CAFRs).

Based on the appropriate review and analysis of prior year financial data, it is proposed for Fiscal Year (FY) 2020 estimated indirect costs of \$982,441 and estimated direct salaries and wages of \$1,192,062. Using these estimates our derived Economic Development & Planning Branch ICRP rate for FY 2020 is 82.42%.

The formula to arrive at the proposed ICRP Rate of 82.42 % is described as follows:

**Indirect Cost Rate = Estimated Indirect Costs ÷ Estimated Direct Salaries & Wages + Fringe Benefits**

Applying this formula to RMA's proposed rate, the following is calculated:

**82.42% (Rate) = \$982,441 (Indirect Costs) ÷ \$1,192,062 (Direct Costs)**

The detail associated with this calculated rate is provided in Attachment "A" (Indirect Cost Proposal for FY 2020).

Applying this rate to our FY 2019/20 projected project expenditures, the estimated amount of reimbursement of indirect costs is approximately **\$80,000**. A detailed list of all the eligible budgeted projects for which reimbursement will be sought is included as Attachment "B."

### **Conclusion**

Based on this report, it is respectfully requested that the Board authorize the submittal of the Economic Development & Planning Branch ICRP to all affected public agencies.

### **FISCAL IMPACT/FINANCING:**

There will be no Net County Cost associated with this matter.

**SUBJECT:** Economic Development & Planning Branch Indirect Cost Rate Proposal  
**DATE:** November 19, 2019

**LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:**

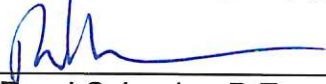
Improving organizational performance is a key strategic initiative and goal of Tulare County's Strategic Business Plan. Applied here, the ICRP is intended to improve organizational performance by adding cost recovery opportunities for RMA's Economic Development & Planning Branch, thereby helping to strengthen the General Fund budget of RMA.

**ADMINISTRATIVE SIGN-OFF:**



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Sherman Dix  
Assistant Director – Fiscal Services



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Reed Schenke, P.E.  
Director – Resource Management Agency

cc: County Administrative Office

Attachment "A" - Economic Development & Planning Indirect Cost Rate Proposal  
Attachment "B" - List of Projects  
Attachment "C" - Complete Indirect Cost Rate Proposal FY 2020

**BEFORE THE BOARD OF SUPERVISORS  
COUNTY OF TULARE, STATE OF CALIFORNIA**

IN THE MATTER OF ECONOMIC )  
DEVELOPMENT & PLANNING BRANCH ) Resolution No. \_\_\_\_\_  
INDIRECT COST RATE PROPOSAL ) Agreement No. \_\_\_\_\_

UPON MOTION OF SUPERVISOR \_\_\_\_\_, SECONDED BY  
SUPERVISOR \_\_\_\_\_, THE FOLLOWING WAS ADOPTED BY THE  
BOARD OF SUPERVISORS, AT AN OFFICIAL MEETING HELD \_\_\_\_\_, BY  
THE FOLLOWING VOTE:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

ATTEST: JASON T. BRITT  
COUNTY ADMINISTRATIVE OFFICER/  
CLERK, BOARD OF SUPERVISORS

BY: \_\_\_\_\_  
Deputy Clerk

\* \* \* \* \*

Authorized the submittal of the Economic Development & Planning Branch  
2019/2020 Indirect Cost Rate Proposal by the Resource Management Agency to the  
affected public agencies.

# **Attachment “A”**

Economic Development & Planning Indirect Cost Rate Proposal



# RESOURCE MANAGEMENT AGENCY

5961 SOUTH MOONEY BLVD  
VISALIA, CA 93277  
PHONE (559) 624-7000  
FAX (559) 730-2653

Aaron Bock            Economic Development and Planning  
Reed Schenke        Public Works  
Sherman Dix          Fiscal Services

REED SCHENKE, DIRECTOR

MICHAEL WASHAM, ASSOCIATE DIRECTOR

October 30, 2019

Department of Transportation  
Audits and Investigations  
Attention: MarSue Morrill, CPA, Chief of Planning and Modal Office  
Mail Stop 2  
P.O. Box 942874  
Sacramento, CA 94274-0001

Re: Indirect Cost Rate Proposal for Tulare County Resource Management Agency (FY 2020)

Dear Ms. Chen:

On behalf of the Economic Development and Planning Branch Tulare County Resource Management Agency, this is to respectfully submit the enclosed Indirect Cost Rate Proposal (ICRP) for Fiscal Year (FY) 2020 with supporting documents.

Essentially, RMA applied the method of using actuals to estimate FY 2020 based on the following schedules/ reports:


Tulare County Resource Management Agency – Economic Development and Planning Branch Indirect Cost Plan/Certification:

- Submission Review Checklist;
- Calculation of the Indirect Cost Rate – Exhibit A;
- FY 2018 Schedules used for the FY 2020 ICRP;
  - Indirect Cost Proposal for FY 2020 - Schedule 1
  - Listing of Positions with Indirect Salaries and Benefits – Schedule 2
    - Summary of Labor by Indirect Project Numbers for Full-Time and Extra Help Staff – Attachment to Schedule 2
  - Non-Labor Indirect Costs for FY 2018 – Schedule 3
    - Summary of Budget Expenditure for FY 2018 Administration – Attachment to Schedule 3
  - Paid Leaves and Benefits Costs Estimated for FY 2018 – Schedule 4
    - Summary of Paid Leave Charges for FY 2018 – Attachment to Schedule 4


- Summary of Extra Help Employee Hours FY 2018 – Attachment to Schedule 4
  - Summary of Full-Time Employee Hours FY2018 – Attachment to Schedule 4
- Reconciliation of Cost Plan vs. Revenue and Expenses – Schedule 5
- Estimate of Direct Base Costs Incurred Under Federal and State Reimbursement for FY 2020;
- FY 2018 CAFR – For complete report see Tulare County Auditor/Controller website (<http://tularecounty.ca.gov/auditorcontroller/>);
- FY 2018 Negotiated Agreement Countywide Cost Allocation Plan;
- FY 2018 Chart identifying the organizational structure of the Tulare County Resource Management Agency – Economic Development and Planning with a functional statement noting the duties or responsibilities of all of the Branch units;
- FY 2020 Chart identifying the organizational structure of the Tulare County Resource Management Agency – Economic Development and Planning with a functional statement noting the duties or responsibilities of all of the Branch units.

If you have any questions or need additional information, please do not hesitate to contact Sherman Dix at (559) 624-7030. Thank you for your courtesy and consideration.


Sincerely,



Michael Washam  
RMA Associate Director



Cass Cook  
Auditor/ Controller – Treasurer/ Tax Collector



Sherman Dix  
Assistant RMA Director-Fiscal Services

Enclosure: Copy of Excel File on CD

# **Attachment “B”**

List of Projects





# **Attachment “C”**

Complete Indirect Cost Rate Proposal FY 2020

## ICAP/ICRP SUBMISSION CERTIFICATION

### Tulare County Resource Management Agency Economic Development and Planning Branch Indirect Cost Rate FY 2020

The indirect cost rate plan contained herein is for use on grants, contracts and other agreements with the Federal Government and the California Department of Transportation (Department), subject to the provisions in Section II. This rate was prepared by the Tulare County Resource Management Agency (RMA) and accepted by the Department.

#### SECTION I: Rates

<u>Rate Type</u>	<u>Effective Period</u>	<u>Rate</u>	<u>Applicable to</u>
Fixed w/carry forward* Planning Branch	7/1/19 to 6/30/20	82.42%	Economic Development and
Fringe Benefit** Planning Branch	7/1/19 to 6/30/20	68.00%	Economic Development and

\* Base: Total Direct Salaries and Wages plus Fringe Benefits

\*\* Base: Total Salaries and Wages

#### SECTION II: General Provisions

##### A. Limitations:

The rate in this Agreement is subject to any statutory or administrative limitations and applies to a given grant, contract, or other agreement only to the extent that funds are available. Acceptance of the rate is subject to the following conditions: (1) Only costs incurred by RMA were included in its indirect cost pool as finally accepted and lists such costs are legal obligations of RMA and are allowable under the governing cost principles; (2) The same costs that have been treated as indirect costs are not claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; (4) The information provided by RMA which was used to establish the rate is not later found to be materially incomplete or inaccurate by the Federal Government or the Department. In such situations, the rate would be subject to renegotiation at the discretion of the Federal Government or the Department; (5) Prior actual costs used in the calculation of the approved rate are contained in RMA's Single Audit which was prepared in accordance with 2 CFR 200. If a Single Audit is not required to be performed, then audited financial statements should be used to support the prior actual costs; and, (6) This rate is based on an estimate of the costs to be incurred during the period.

##### B. Accounting Changes:

This Agreement is based on the accounting system purported by RMA to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from indirect to direct. Failure to obtain approval may result in cost disallowances.

**C. Fixed Rate with Carry Forward:**

The fixed rate used in this Agreement is based on an estimate of the costs for the period covered by the rate. When the actual costs for the period are determined by RMA's audited financial statements, any differences between the application of the fixed rate and actual costs will result in an over or under recovery of costs. The recovery will be carried forward, as an adjustment to the calculation of the indirect cost rate(s), to the second fiscal year subsequent to the fiscal year covered by this plan. *(Note: If a predetermined rate(s) or final rate(s) are used, then the carry forward provision does not apply.)*

**D. Audit Adjustments:**

Immaterial adjustments resulting from the audit of information contained in this plan shall be compensated for in the subsequent indirect cost plans approved after the date of the audit adjustment. Material audit adjustments will require reimbursement from RMA. For rates covering a future fiscal year, unallowable costs will be removed from the indirect cost pool(s) and the rate(s) appropriately adjusted.

**E. Record Retention:**

The proposal and all related documentation must be retained for audit in accordance with the record retention requirements of the State or Federal agreements for which the indirect rate will be billed or for three years after the fiscal year for which the rate is calculated, whichever is longer.

**F. Use by Other Federal Agencies:**

Authority to accept this Agreement by the Department has been delegated by the Federal Highway Administration, California Division. The purpose of this acceptance is to permit the RMA to bill indirect costs to Title 23 funded projects administered by the Federal Department of Transportation (DOT). The acceptance will also be used by the Department in state-only funded projects.

**G. Other:**

If any Federal contract, grant, or other agreement is reimbursing indirect costs by a means other than the accepted rate in this Agreement, RMA shall (1) credit such costs to the affected programs, and (2) apply the accepted rate to the appropriate base to identify the proper amount of indirect costs allocable to these programs.

**H. Rate Calculation for Fixed Rate without Carryforward:**

FY 2020 Estimated Indirect Costs	\$ 852,892
FY 2018 Carry Forward	\$ <u>129,549</u>

FY 2020 Estimated Indirect Costs	\$ 982,441
FY 2020 Estimated Direct Salaries and Wages Plus Fringe Benefits	\$1,192,062
FY 2020 Indirect Cost Rate (Exhibit A)	82.42%
<b>Fringe Benefits:</b>	
FY 2020 Estimated Total Fringe Benefits	\$ 486,052
FY 2018 Carry Forward	<u>\$ 73,019</u>
Estimated Fringe Benefits	\$ 559,071
FY 2020 Estimated Total Salaries and Wages	\$ 822,120
FY 2020 Fringe Benefits Rate (Schedule 4)	68.00%

#### **CERTIFICATION OF INDIRECT COSTS**

This is to certify that I, Reed Schenke, have reviewed the indirect cost rate proposal submitted herewith and to the best of my knowledge and belief affirm as follows:

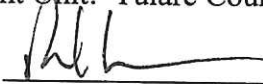
- (1) All costs included in the proposal to establish billing of an indirect cost rate for fiscal year 2020 (July 1, 2019 to June 30, 2020) are allowable in accordance with the requirements of the Federal and State award(s) to which they apply and 2 Code of Federal Regulations (CFR), Part 200, "Cost Principles", Subpart E, and Appendices V and VII for State, Local, and Indian Tribal Governments. Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.
- (2) All costs included in this proposal are properly allocable to Federal and State awards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently and the Federal Government and the Department will be notified of any accounting changes that would affect the final rate.
- (3) I understand that during the predetermined or extension period, there will be no changes to the ICAP/ICRP calculation methodology used, no changes to our financial management system (i.e change in processes, on in accounting software), and no substantial changes to our organizational structure and program(s).

- (4) I understand that if a rate extension is granted, I may not request a rate review until the extension period ends and that at the end of the extension period, I must re-apply to develop and negotiate a rate.
- (5) I understand that the ICAP/ICRP package along with all supporting documentation from which the proposed rates are developed must be retained for audit in accordance with the record retention requirements of the State or Federal agreements for which the indirect rate will be billed or for three years after the fiscal year for which the rate is calculated, whichever is longer.
- (6) Additionally, I understand that in accordance with 2 CFR, Part 200, Appendix VII, refunds shall be made if proposals are later found to have included costs that are unallowable as specified by law or regulation, as identified in Subsection 200.420 to this part, or by the terms and conditions of Federal and State award, or are unallowable because they are clearly not allocable to Federal or State awards. These adjustments or refunds will be made regardless of the type of rate(s) negotiated (predetermined, final, fixed or provisional). For rates covering a future fiscal year (i.e. extended rates), the unallowable costs will be removed from the indirect cost pool(s) and the rate(s) appropriately adjusted for all fiscal years covered by the extension.

I acknowledge as a representative of Tulare County Resource Management Agency that the proper use and application of the indirect rate contained in this indirect cost rate proposal is the responsibility of the Tulare County Resource Management Agency and such use may be subject to audit by the Department or Federal Highway Administration. Failure to cooperate with an audit can result in the withdrawal of Department acceptance and require immediate reimbursement of previously reimbursed indirect costs.

I declare that the foregoing is true and correct.

Government Unit: Tulare County Resource Management Agency

Signature: 

Signature: 

Reviewed, Approved and Submitted by:

Prepared by:

Name of Official: Reed Schenke

Name of Official: Sherman Dix

Title: RMA Director

Title: RMA Assist Director-Fiscal Services

Date of Execution: 11/6/19

Telephone No: (559) 624-7000

### INDIRECT COST RATE SUBMISSION ACCEPTANCE

The Department has received this ICAP/ICRP and accepts the plan for billing and reimbursement purposes.

Accepted by:

MARSUE MORRILL, CPA  
Chief  
Planning and Modal Office  
Independent Office of Audits and Investigations  
California Department of Transportation  
(916) 323-7105

\_\_\_\_\_  
Signature

Date: \_\_\_\_\_