

Minutes of Meeting
Capturing County Indirect Costs
August 7, 2014
2:00 p.m.

The Kootenai County Board of Commissioners: Chairman Todd Tondee, Commissioner Dan Green, and Commissioner Jai Nelson met to discuss the following agenda items. Also present were Finance Director Dave McDowell, Grants Compliance Officer Jody Bieze, Clerk Jim Brannon, Chief Deputy Clerk Pat Raffee, Civil Deputy Prosecuting Attorney Pat Braden, and Deputy Clerk Cheryl Baumann.

A. Call to Order: Chairman Tondee called the meeting to order at 2:10 p.m.

B. Introductions: There were no introductions made.

C. Changes to the Agenda: There were no changes made to the agenda.

D. Old Business: There was no old business discussed.

E. New Business:

Finance Director Dave McDowell and Grants Compliance Officer Jody Bieze came before the Board to present the Fiscal Year 2014 (FY14) Indirect Cost Rate Proposal, which would assist County transit offices in applying for Federal Transit Administration (FTA) grants. The Proposal can also be used on other County grant applications, contracts, and agreements with the Federal Government and the State of Idaho.

The plan, which was prepared by the Auditor's Office, confirms that the FY14 indirect cost rate is 8.15%. Mr. McDowell explained that many grant applications have an indirect cost rate provision. Capturing administrative costs with this rate must be a part of the initial grant application process so that the granting agency can address it within the available funding.

The plan states that indirect costs are primarily administrative costs incurred by an organization that may not be readily identified with a particular project, but are necessary to the overall operation of the organization and the performance of its programs. The cost of an organization-wide audit and administration salaries are two (2) examples of indirect costs. The indirect cost rate is the ratio (percentage) between the indirect costs and the direct cost base.

Mr. McDowell stated that an organization's indirect cost rate will change from year to year, depending on expenses. The indirect rate is a fixed rate with a carry forward provision, which can create an over or under recovery amount that carries forward for future rate calculations. Mr. McDowell explained that if \$100,000 was over recovered from FY14, for example, that amount would be carried forward to the Fiscal Year 2015 (FY15) proposal and the indirect cost rate would be reduced accordingly. Conversely, an under recovery in a prior year would increase the rate.

Ms. Bieze recommended that grant applications be submitted in advance to the Kootenai County Grants Management Office for review and to determine if indirect costs can be added to the application. She noted that a federal or state agency can approve or reject the indirect cost rate shown on the grant application. This rate is subject to agency guidelines, which is typically fifteen percent (15%) or less.

Mr. McDowell and Ms. Bieze are currently preparing the FTA FY15 Budget for Citilink Transit and Paratransit Services. Mr. McDowell stated that FTA allows for administrative costs, so using the 8.15% indirect cost rate could have a positive impact on the County's income stream by recovering these allowable costs to the grant.

Ms. Bieze recommended that the Grants Compliance Form be amended, as there has been an occasional misunderstanding of the source of a grant match.

- F. Staff Reports:** There were no staff reports.
- G. Public Comment:** This section is reserved for citizens wishing to address the Board regarding a County related issue. There was no public comment.

The meeting was adjourned at 2:30 p.m.

Respectfully submitted,

JIM BRANNON, CLERK

TODD TONDEE, CHAIRMAN

BY: _____

Cheryl Baumann, Deputy Clerk