

OHIO PUBLIC WORKS COMMISSION CLEAN OHIO CONSERVATION PROGRAM

IN-KIND CONTRIBUTIONS, LOCAL MATCH, AND PREPAIDS POLICIES

An applicant's share of costs related to the Clean Ohio Conservation program may consist of the reasonable value of labor, materials, and equipment that will be contributed by the applicant as part of its share of the total project cost.. The following information will help to define eligible in-kind expenses and establish a standardized approach to determining their value.

Allowable in-kind costs include labor, materials, and equipment directly associated with and/or consumed in the development of the Clean Ohio Conservation project. Indirect costs are ineligible as part of the local match. In-kind costs are reimbursable at the normal participation ratio as defined on page one of Appendix D in the Project Agreement. Or the applicant may choose to have these costs credited in full toward the local match. The following are acceptable methods for determining the value of labor, materials, and equipment.

LABOR: The actual cost to the applicant of using its own employees on work directly related to the project is an allowable expense. This could include construction in full or part by force account, construction inspection, or in-house engineering and/or design. These costs must be supported by detailed time records which account for all hours worked related to the project. The employee's base rate of pay, along with an hourly proration for the applicant's share of retirement contributions, and the value of any other fringe benefit costs paid by the applicant is allowable. The fringe benefit rate must be based on the actual cost of that employee to the applicant, not an estimate. Time records must be certified by an applicant official and submitted to, and approved by the OPWC. The applicant may either use the OPWC In-kind Contribution Time Reporting Record, or its own payroll reports if there is sufficient detail to establish the amount of time and cost of employees working on the project.

Improvements by force account labor must be approved in advance by the OPWC. Force account work should be clearly indicated in the Clean Ohio Conservation fund application. Force account expenses can not exceed the original estimate unless approved by the OPWC in advance. Construction by force account can not exceed that allowed by the Ohio Revised Code.

VOLUNTEER LABOR: Applicants using volunteer labor on project related work may account for the value of that labor as though those volunteer workers were on paid status of the applicant and earning the same salary as an employee who is performing comparable work. As an example, the value of volunteer labor assisting a park district work crew who are being paid \$12.50 an hour in base salary and fringe benefits may be counted as \$12.50 an hour. If the applicant has no paid employees who are performing similar work, then the value of the volunteer labor may be counted as \$10.00 per hour unless acceptable justification can be made for a higher rate. Under no circumstances can the value of volunteer labor be higher than that of paid employees performing similar work.

MATERIALS: Materials purchased directly for, and consumed on the project site, are allowable expenses provided the cost of such materials represents the true cost to the applicant with no mark-ups or administrative charges added to the price by the applicant. The cost of such materials must be supported by a vendor's invoice and proof of payment.

EQUIPMENT USAGE: For valuing in-kind contributions of the use of equipment owned by an applicant, the OPWC will allow the applicant to choose from one of the three following methods:

- * Use the Ohio Department of Transportation (ODOT) rental/user rates for equipment of a similar nature. The OPWC will supply copies of ODOT's Rolling stock rates and the Ohio Public Works Commission Equipment Usage Report.
- * Use two-thirds (67%) of the lowest of three written quotes from private sector rental companies for equipment of a similar nature. Copies of the quotes must be submitted to the OPWC with the record of use.
- * Or use the common standard approach of amortizing the cost of owning and maintaining the equipment over a period of reasonable expected life for the particular equipment item. Details of this method follow.

If the applicant's choice is to compute its own cost of owning and maintaining the equipment, be sure not to include any consideration for overhead or profit related expenses. The calculations below will be useful in arriving at the cost valuation of equipment usage. **MARKET RATE COSTS ARE NOT ACCEPTABLE.** Detailed records must be maintained that document the number of miles or amount of time a particular piece of equipment is used on a Clean Ohio Conservation project. Equipment usage reports must be certified by the Project Manager named in the OPWC Project Agreement and submitted to, and approved by the OPWC.

Equipment use must always be evaluated by hours of active operation or miles driven. Select the one that most closely relates to how the equipment item is normally used. Cars and trucks are used for transporting either materials or personnel, and should therefore be valued based on mileage. Bulldozers, graders, backhoes, etc. are function-oriented, and should be valued based upon their hours of engine-running time. Barricades, barrels, hand tools, and other equipment that does not involve motors, engines, or machinery, and therefore the useful life is not dependent upon proper maintenance and wearable parts, should be costed out in the same way as discussed below. However, the unit of time associated with the costing rate should be days or weeks since this type of equipment is generally used over longer periods of time .

To calculate the cost of owning and maintaining:

C = cost per unit of use (per mile or per hour of active operation)

P = actual purchase price of the equipment item

R = reasonably estimated residual or salvage value of the equipment item at the end of the ownership period

U = number of miles/hours of expected use over the desired ownership period (this figure must exceed current actual miles/hours on equipment while under the applicant's ownership)

M = total estimated cost of maintaining ownership and satisfactory operation of the equipment item over the desired ownership period, including maintenance (tune-ups, overhauls, replacement of expendable parts, etc.) and insurance (if applicable)

Given the foregoing definitions, then:

$$C = \frac{(P - R) + M}{U}$$

To arrive at the chargeable expense for using the equipment item on the project, consider that:

E = Equipment expense allowable on the project

A = Actual miles/hours of use of the equipment item on the project

O = actual out of pocket operating costs for fuel, etc.

Then: $E = (C \times A) + O$

REPORTING IN-KIND CONTRIBUTIONS TO OPWC: The OPWC has produced two forms for reporting in-kind contributions: the Equipment Usage Report and the Time Reporting Record. These forms should be used when submitting in-kind contributions, and they should be signed in ink by the appropriate official. These records should be submitted to the OPWC along with any Disbursement Request Forms (Appendix E) requesting reimbursement based on the participation ratio, or for full credit to the local share.

PREPAIDS: Prepaids are eligible expenses directly related to a Clean Ohio Conservation project that have been incurred and paid by the applicant prior to signing the Project Agreement with the OPWC.

An applicant must provide evidence of prepaids to the OPWC prior to, or no later than with the submission of the first Disbursement Request (Appendix E). Copies of invoices that detail the type of work that had been completed, along with evidence that those invoices have been paid must be submitted. An applicant may request reimbursement for its prepaids based on the Participation Ratio, or the prepaids will be credited to the local match.

LOCAL MATCH: The local match is based on a minimum participation percentage. When an applicant applies for Clean Ohio Conservation funding, that applicant is required to specify in its application the percentage it is pledging as a local match (the "Participation Percentage"). The OPWC will establish a disbursement ratio in the Project Agreement that indicates how much of each invoice the OPWC should pay based on OPWC's participation and unpaid project costs. Adjustments will be made to the disbursement ratio to assure that the locally pledged Participation Percentage is met.

Should you have any questions concerning this policy directive, please do not hesitate to contact your OPWC Program Representative at (614) 466-0880.