

ORIGINAL

**COST ALLOCATION AGREEMENT  
STATE AND LOCAL GOVERNMENTS**

**STATE/LOCALITY:**

The City of New York  
Office of Management & Budget  
75 Park Place  
New York, New York 10007

**DATE:** September 28, 2006

**FILING REF.:** The preceding  
Agreement was dated 02/02/06

---

**SECTION I: ALLOCATED COSTS**

---

The central service costs listed in Exhibit A, attached, are approved on a Fixed basis and may be included as part of the costs of the State/local departments and agencies indicated during the fiscal year ended 06/30/07 for further allocation to Federal grants, contracts and other agreements performed at those departments and agencies.

---

**SECTION II: BILLED COSTS**

---

In addition to Section I, which provides for services furnished but not billed, the services listed below are furnished and billed to State/local departments and agencies.

- I. Telephone
- II. Gas and Electricity
- III. Computer Related Services
- IV. Employee Fringe Benefits - See Addendum

### Section III: CONDITIONS

---

The amounts approved in Section I and the billings for the services listed in Section II are subject to the following conditions:

- A. LIMITATIONS: (1) Charges resulting from this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. (2) Such charges represent costs incurred by the State/locality which are legal obligations of the State/locality and are allowable under OMB Circular A-87. (3) The same costs that are treated as indirect costs are not claimed as direct costs. (4) Similar types of costs are accorded consistent accounting treatment. (5) The information provided by the State/locality which was used to establish this Agreement is not later found to be materially incomplete or inaccurate.
- B. ACCOUNTING CHANGES: This Agreement is based on the accounting system purported by the State/locality 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 an allocated cost to be billed cost. Failure to obtain approval may result in cost disallowances.
- C. FIXED AMOUNTS: If fixed amounts are approved in Section I of this Agreement, they are based on an estimate of the costs for the period covered by the Agreement. When the actual costs for this period are determined, adjustments will be made to the amounts of a future year to compensate for the difference between the costs used to establish the fixed amounts and actual costs.
- D. BILLED COSTS: Charges for the services listed in Section II will be billed in accordance with rates established by the State/locality. These rates will be based on the estimated costs of providing the services. Adjustments for variances between billed costs and the actual allowable costs of providing the services, as defined by OMB Circular A-87, will be made in accordance with procedures agreed to between the State/locality and the Cognizant Agency.
- E. USE BY OTHER FEDERAL AGENCIES: This Agreement was executed in accordance with the authority in OMB Circular A-87, and should be applied to grants, contracts and other agreements covered by that Circular, subject to any limitations in Paragraph A above. The State/locality may provide copies of the Agreement to other Federal Agencies to give them early notification of the Agreement.

F. SPECIAL REMARKS:

The Transmittal letter is an integral part of this negotiation agreement.

In addition see addendum.

BY THE STATE/LOCALITY:

BY THE COGNIZANT AGENCY ON  
BEHALF OF THE FEDERAL GOVERNMENT:

The City of New York  
State/Locality

DEPARTMENT OF HEALTH & HUMAN SERVICES  
(AGENCY)

  
(Signature)

  
(Signature)

STUART KLEIN  
(Name)

Robert I. Aaronson  
(Name)

1<sup>ST</sup> DEPUTY DIR, NYC OMB  
(Title)

Director, Div. of Cost Allocation  
(Title)

10/16/06  
(Date)

September 28, 2006  
(Date)

HHS Representative: A. Sugrim-Singh

Telephone: 212-264-4300

ADDENDUM TO RATE AGREEMENTSeptember 28, 2006  
Agreement Reference Date

INSTITUTION: City of New York

ADDRESS: New York, New York 10007

FRINGE BENEFIT RATE

<u>Type</u>	<u>From</u>	<u>TO</u>	<u>Rate*</u>	<u>Locations</u>	<u>Applicable To</u>
Fixed	7/1/06	6/30/07	35.0%	All	Civilian Employee
					Uniform Employees
Fixed	7/1/06	6/30/07	62.0%	All	Police
Fixed	7/1/06	6/30/07	84.5%	All	Fire
Fixed	7/1/06	6/30/07	46.5%	All	Corrections
Fixed	7/1/06	6/30/07	40.0%	All	Sanitation

\*Base: Salaries and wages (See comments below - Notes 1, 2 &amp; 3)

Treatment of Fringe Benefits: Fringe benefits applicable to direct salaries and wages are treated as direct costs. (See comments below, Note 4)

Fringe benefit rates are approved on a fixed basis for the noted fiscal years and should be used by Grantee Agencies for the following purposes:

- (a) For budgeting purposes on grant award application.
- (b) For billing purposes.
- (c) For inclusion in their indirect cost rate proposal and must be treated as either direct or indirect costs consistent with treatment accorded similar costs charged to the Federal Programs.

Details of the negotiated rate are as follows:

Note 1 - Fringe benefit rates for Civilian Employees: The base consists of all City direct salaries and wages exclusive of the following groups of employees:

- Board of Education
- Board of Higher Education
- Uniform Personnel in the:
  - o Police Department
  - o Fire Department
  - o Corrections
  - o Sanitation
- Libraries and Cultural Institutions

ADDENDUM TO RATE AGREEMENT

September 28, 2006  
Agreement Reference Date

**INSTITUTION:** City of New York

**ADDRESS:** New York, New York 10007

Covered organizations (Health and Hospitals Corporation, Off-Track Betting Corporation, Triborough Bridge and Tunnel Authority, Housing Authority, Transit Authority, Housing Development Corporation and Rehabilitation Mortgage Insurance Corporation).

Note 2 - Fringe benefit rates for Uniformed Employees: The base consists of all City uniform direct salaries and wages applicable to the following categories:

- Police Department
- Fire Department
- Corrections
- Sanitation

Note 3 - Treatment of Paid Absences: Vacation, holiday, sick leave pay and other absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal costs for salaries and wages. Separate claims for the costs of these absences are not made.

Note 4 - The following fringe benefits are included in the fringe benefit rate:

- Pension
- Social Security
- Health Insurance Plans
- Workers' Compensation
- Supplementary Employee Welfare Benefits
- Unemployment Insurance Benefits