



## Allowable Costs Policy and Procedures

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**Policy Number:** 0009

**Adopted Date:** February 27, 2026

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### A. BACKGROUND

Costs are allowable when they are permitted, reasonable, and necessary to fulfill the functions of a given federal program.

This policy establishes the policy, practices, and procedures of the Snohomish County Transportation Coalition (Snotrac), for determining the allowability of costs and the requirements for prior approval. For projects funded by federal grants, any potential subrecipients and contractors must also follow this policy, including the standards requiring prior approval.

### B. ALLOWABLE AND REASONABLE COSTS

Expenditures of federal funds are allowable only for activities permitted by the applicable federal funding source authorizations and regulations (such as 49 USC §§ 5307, 5310, and 5311), the governing OMB Circulars, the governor Code of Federal Regulations, Generally Accepted Accounting Principles, and grant and contracting policies of the Washington State Department of Transportation (WSDOT).

Allowable activities include mobility management coalitions, mobility management coordination, mobility management advocacy, mobility navigation, travel training and education, transportation demand management, transportation marketing and public education, and related services and activities.

Subrecipients and contractors may not expend federal funds on costs that are specifically prohibited under the funding source, including the purchase or construction of facilities and donations to other organizations.

A cost is allowable if the cost is:

- Incurred in a manner consistent with policies and procedures that apply uniformly to both Federally funded and other activities of the subrecipient;
- Accorded consistent treatment -in other words, a cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost;
- Not used to meet matching requirements of any other federally funded program in any period; it is allowable if used for leverage;
- Adequately documented;
- Incurred in a manner consistent will all restrictions in the subrecipient contract;

- Incurred through standard procurement practices of the subrecipient that conform with all relevant Federal, State, and local requirements; and
- Free of conflict of interest as per the Snotrac Conflict of Interest Policy.

In addition to being allowable, the cost must be reasonable. A cost is reasonable if:

- In its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost;
- It is ordinary and necessary for performance of the contract;
- It is consistent with generally accepted sound business practices and arms-length bargaining;

### **C. PRIOR APPROVAL REQUIRED OF SUBRECIPIENTS AND CONTRACTORS**

1. Written Prior Approval Required: The following require prior written approval, even if identified in a fully executed contract between Snotrac and a subrecipient or contractor.
  - a. Any single tangible, non-expendable item of personal property having a useful life of more than one year and an acquisition cost of more than \$5,000;
  - b. Capital Improvements, such as expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life; and
  - c. Purchases of gift cards for participant stipends and of ORCA transit cards, including adding cash value to a gift card or ORCA transit card.
2. Consultation Required: The purchase of Small and Attractive Assets does not require written approval. However, subrecipients and contractors must consult with Snotrac prior to making such purchases to assure that the asset will meet the requirements of the Snotrac inventory management system and is not otherwise available in inventory.
  - a. A Small and Attractive Asset is any single tangible, non-expendable asset with a unit cost of at least \$300. Examples include: Desktop computers; Laptops, notebook, and tablet computers; Computer monitors, projectors, and TV sets; Photographic and Videographic Cameras; Phones; Bicycles; Tools; and similar items.
3. All other purchases do not require prior approval or consultation.
4. Failure to comply with these provisions may result in the withholding of payment or other recourse until the condition is corrected. Should the condition remain uncorrected, Snotrac will initiate contract termination proceedings.